

## GREATER LETABA MUNICIPALITY



# ANNUAL REPORT 2018/19



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# **CHAPTER 1**

## **MAYOR'S FOREWORD AND EXCECUTIVE SUMMARY**

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.1. MAYOR'S FOREWORD



The time to pause and reflect on the successes and challenges of our service delivery mandate has arrived. It is an honour and privilege to present the Annual Report of Greater Letaba Municipality for the 2018/19 financial year to community and all its stakeholders. This report is published in terms of the Municipal Finance Management Act No 56 Of 2003; it is a culmination of decisions which were taken by the Council for the year under review.

The Local Government: Municipal Finance Management Act 56 of 2003 requires municipalities to prepare an annual report for each financial year. The 2018/19 municipal financial year commenced on the 1<sup>st</sup> July 2018 and ended on the 30th June 2019. It is fundamental to indicate that transparency is one of the trademarks of democratic South Africa and Greater Letaba Local Municipality is no exception. As we consistently report every year, the Annual Report has outlined the state of the municipality. It also unveils the activities undertaken to achieve the predetermined objectives as set out in the Integrated Development Plan, against the approved budget. It has also touched on key issues which the Auditor-General has highlighted for ratification in the Auditor-General South Africa (AGSA) report for 2018/19 financial year where the municipality received Unqualified Audit Opinion.

The Annual Report aims at enhancing governance, transparency and promoting accountability. It is a means of ensuring on-going planning, monitoring and evaluation which begins with the formulation and annual review of the IDP.

In line with section 152 of the constitution, the Annual Report looks on the period under review, measures the performance of the municipality in various areas and presents an opportunity to citizens and stakeholders to assess the progress of the municipality. The municipality works in collaboration with governments departments and other entities to provide the desired services to the communities of Greater Letaba Municipality.

In conclusion, I would like to express my sincere gratitude to all Councillors, Officials, the entire community of Greater Letaba and all stakeholders for their dedication, support and co-operation, which enabled the institution

to record all service delivery progress in the year under review. Citizens and stakeholders are thus invited to study the Annual Report in order to give inputs and feedback that comes in an informed manner. This will strengthen our ability to deliver services as we forge ahead.

**CLLR MATLOU M.P**  
**MAYOR**

## **1.2. MUNICIPAL MANAGER'S FOREWORD**

All municipalities are legislatively expected to report annually on their activities and decisions taken by both municipal councils and management. This allows all local government stakeholders and the South African public at large to be properly informed about the affairs of local government, which is in line with the dictated of the Constitution of the Republic of South Africa, 1996.

Greater Letaba Municipality strives to undertake developmentally oriented planning as enshrined in the Constitution and section 23 of the Municipal Systems Act, No.32 of 2000. Guidelines and regulatory frameworks have been developed to enable municipalities to adopt a result-based approach to manage service delivery. Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance and achievements, challenges which will subsequently determine the corrective actions to be embarked upon to enhance service delivery in the 2019/20 financial year.

### **i) Basic Service Delivery**

In fulfilling the constitutional mandate, it was imperative that the municipality align services to the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programmes, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document.

### **ii) Municipal Transformation & Institutional Development**

The municipality operated with a total of six (6) functional departments, namely, Technical Services, Development and Town Planning, Community Services, Corporate Services, Budget and Treasury Office and Municipal Manager's office. The staff establishment was amended and adopted with the IDP and the budget. Out of a total of 340 posts that are in the approved staff establishment, 265 posts were filled in the financial year 2018/19. Training interventions identified were implemented and the progress made is indicated in the report.

### **iii) Local Economic Development**

Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating 924 job opportunities within the municipal area through Community Work Programme and internal projects.

#### **iv) Municipal Financial Viability**

The municipality updates its valuation roll on a regular basis for revenue enhancement. The bid committees for the 2018/19 financial were functional which resulted in projects appointed in time, this resulted in 100% expenditure on MIG, FMG and EPWP.

#### **v) Governance structures**

All governance structures, namely, Council, EXCO, Section 80 and MPAC, Audit and Ward committees were fully functional. The Municipality had a functional Audit Committee for 2018/19 Financial year. The Risk Management Committee was available and functional. Risk assessment was conducted and culminated in the development of the risk register. The IDP Representative Forum was fully functional and meetings were held as planned. Various mandatory structures such as Local Labour Forum (LLF), Training Committee, Occupational Health and Safety (OHS) Committee, and Employment Equity Committee were established and functional.

#### **Key Challenges for the 2018/19 financial year**

Despite the achievements alluded above, there were challenges cutting across the key performance areas that had impacted on improved service delivery. The challenges amongst others include the following:

- The municipality has not achieved some of the Service Delivery Budget Implementation Plan (SDBIP) planned targets.
- Performance Management System (PMS) was not cascaded to lower levels of the workforce.

The municipality performs functions that are outlined in its IDP. The IDP and the budget with pertinent policies were adopted and implemented. Performance Management System for section 54 and 56 managers is in place. Challenges that were encountered in carrying out municipal functions through implementation of the IDP and SDBIP will be depicted in the report. The municipality fulfilled its obligation of preparing Annual Financial Statements (AFS) and the audit was conducted which resulted in an unqualified audit opinion.

While the revenue base of the municipality didn't improve drastically, the implementation of split-metering to enhance collection was completed in Mokgoba and Modjadjiskloof, the introduction of the property rates and review of the relevant policies has made some improvements as is a reliable source of income. The municipality is counted among the municipalities that are financially stable in the district and the province. The municipality through the management team and all employees properly strive to promote the principles of efficiency, effectiveness and economy. The municipality was able to account to other spheres of government on grants allocated to the municipality during the financial year.

The municipality was rated as functional and one of the top 10 in the province in terms of Back to Basics programme. The municipality received all its allocations but didn't manage to collect own generated revenue as

projected hence the downward budget adjustment in February 2019. The municipality received unqualified audit opinion in both financial and performance information.

Section 54 and 56 managers' positions are filled with well qualified personnel. Audit Committee for 2018/19 financial year was functional. The Institution continued to fill in critical positions with human capital to ensure that the municipality achieve its objectives. All essential committees that are key in terms of achieving institutional goals are in place. Institutional policies and strategies were reviewed.

**DR INNOCENT SIROVHA**  
**MUNICIPAL MANAGER**

### 1.3. MUNICIPAL OVERVIEW

Greater Letaba Municipality is composed of the following hubs: Sekgopo, Sekgosese, Mokwakwaila, Ga-Kgapane and Modjadjiskloof where the main Office is situated. The Municipality's main economic focus for turning around the local economy is through tourism (baobab tree, Modjadji dynasty and Nature reserve), agriculture, forestry and agro-processing industries.

Community consultation as championed by the Speaker's Office, Cllr. M.D Makhananisa and Mayor's Office, Cllr. M.P. Matlou is at the heart of good governance in the Municipality to enhance community participation and informed decision making. As a result, the 2018/19 financial year has seen Greater Letaba Municipality expanding its service delivery in terms of infrastructure development through paving of gravel roads, construction of community hall and sport complex, and erection of high mast lights and electrification in rural areas and spent 100% on MIG, EPWP and FMG.

The Greater Letaba Municipality continued with its mandate to increase creation of jobs to its local community through EPWP projects as outlined in the report. During the IDP/Budget process our community has again given the municipality a mandate to continue to implement projects in line with Government priorities, hence the infrastructure development has again outlined the main priority of the municipality. The municipality appointed a Municipal Manager and Directors for all directorates to ensure service delivery continue effectively.

The Municipality's sewerage system in Modjadjiskloof has been upgraded to waterborne from septic tanks. The main challenge faced by the municipality in the majority of its settlements is shortage of portable drinking water.

#### 1.3.1 A short description of the municipality

Greater Letaba Municipality (GLM) is located in the north-eastern part of the Limpopo Province in the jurisdiction area of Mopani District Municipality. Greater Letaba Municipality shares borders with Greater Tzaneen Municipality in the south, Greater Giyani Municipality in the east, Molemole Municipality in the west and Collins Chabane Municipality in the north.

Greater Letaba Municipal area is one of the smaller municipal areas in terms of land area, and characterized by contrasts such as varied topography, population densities (low in the south, relatively dense in the north-east), prolific vegetates in the south (timber) and sparse in the north (bushveld). Although aquatic resources within the boundaries of the Municipality are scarce, the proximity of natural resources (tourist's attractions, intensive



economic activity, nature reserves and vast arable land) to the borders of the municipality creates an opportunity for capitalization.

The “gates” to the municipal area are considered to be Sekgopo in the west and Modjadjiskloof in the south. The land area of Greater Letaba Municipality extends over approximately 1891km<sup>2</sup>. Greater Letaba Municipality incorporates the proclaimed towns of Modjadjiskloof, and Ga-Kgapane, situated in the extreme south of the municipal area, and Senwamokgope towards the north-west of the area of jurisdiction. There are also 132 rural villages within the municipal area. 45 paving projects were implemented since 2013/14 financial year inclusive of the following projects which were done in the 2018/19 viz; Modjadji Ivory phase 2 (0.8Km) and Moshakga Street paving (2.2Km).

### 1.3.1 Social Analysis

The socio-economic analysis will focus on the population size, age and gender profiles as well as the educational levels of the population. Information on the Socio-economic status of Greater Letaba Municipality was mainly gathered from census conducted by STATSSA in 2011 and 2016. The majority of the municipal population is indigents.

### 1.3.2 Population and Household Size

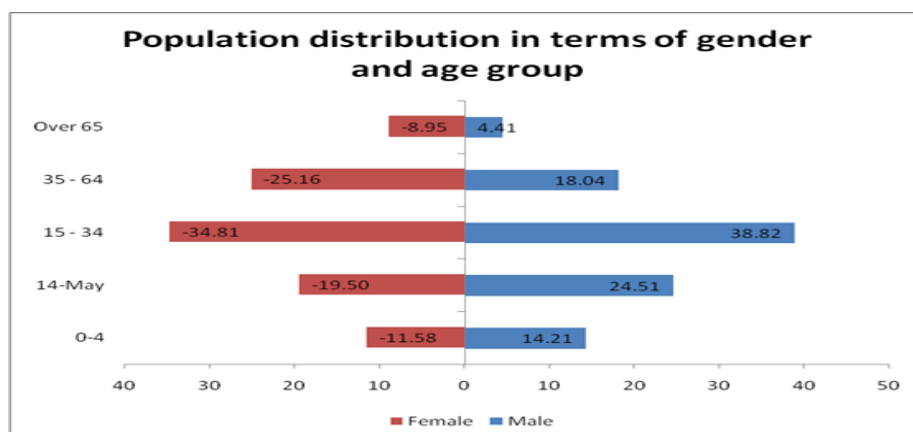
**Table 1.1: Population distribution in terms of Gender and Age Group**

Population		Households	
Census 2011	Census 2016	Census 2011	Census 2016
212 701	218 030	58 262	67 067

### 1.3.3 Age and Gender Profile

The population of Greater Letaba Municipality is very young with 39.3% of the people younger than 35 years of age. From the Pyramid below, it is evident that, in the age group 15-34 the percentage of males is high as compared to females. While in the age group 35-64 there is high percentage of females than males.

**Figure1.1: Population distribution in terms of gender and age group**



**Source: Census 2011**

### 1.3.5 People with Disability and types of disability

Greater Letaba Municipality has 3993 people with disability.

**Table 1.2 Disability by type**

Types of disability			Total
Sight	345	134	479
Hearing	392	102	494
Communication	421	143	564
Physical	729	567	1296
Intellectual	1	32	33
Emotional	493	432	925
Multiple	145	57	202

### 1.3.6 Educational Profile

Education level: **About 28, 5 % of the population in Greater Letaba Municipality has no educational background.**

**Table 1.3: Levels of education in Greater Letaba and Mopani District**

LEVEL OF EDUCATION	GREATER LETABA	%	MOPANI	%
Grade 1/sub A (completed or in process)	7627	5.6	31711	5.4
Grade 7/standard 5	15877	11.7	64097	10.9
Grade 11/standard 9/form 4/NTC II	15919	11.8	68420	11.7
Attained grade 12; out of class but not completed grade 12	6419	4.7	30580	5.2
Grade 12/Std 10/NTC III (without university exemption)	10159	7.5	52920	9.0
Grade 12/Std 10 (with university exemption)	754	0.6	10195	1.7
Certificate with less than grade 12	1430	1.1	10497	1.8
Diploma with less than grade 12	1562	1.2	7780	1.3
Certificate with grade 12	952	0.7	6448	1.1
Diploma with grade 12	2777	2.1	13095	2.2
Bachelor's degree	1479	1.1	6879	1.1
BTech	78	0.1	999	0.2
Post graduate diploma	317	0.2	2431	0.4
Honour's degree	459	0.3	2043	0.3
Higher degree (masters/PhD)	72	0.1	1127	0.2
No schooling	38459	28.5	146863	25.1
Out of scope (children under 5 years of age)	28068	20.8	113316	19.4
Unspecified	2334	1.7	8115	1.4
Institutions	494	0.4	8476	1.5
Total	135165	100	585991	100

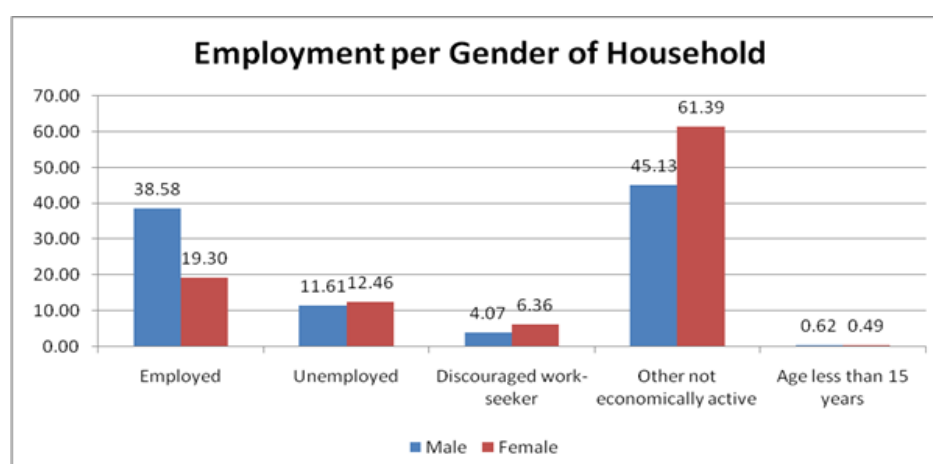
**Source: 2011, STATSSA.**

The percentage of illiteracy is estimated at 28,5%, which shows a decline in the level of illiteracy by 17,3%. The progress thereof is satisfactory; the level of illiteracy is still worrying since it impacts on the employability of the population. The number of existing schools in the municipality is inadequate some of them being in poor conditions. Areas affected are: Mohokoni, Thlothlokwe, Mothobeki, Taulome, Nkwele-motse, Mandela Park, Makaba, Chabelang B, and Motlhele.

### 1.3.7 Employment Profile

The graph below presents the employed population of Greater Letaba according to gender of households. The statistics on the graph below shows that 9719 of male people are employed as compared to small number of 6383 of female people. And the STATSSA also depict number of youths employed and number of disability employed, female people, unemployed, discouraged work-seeker and economically inactive are mostly affected as indicated on the chart below.

**Figure 1.3: Employment per gender of household**



Source: Census 2011

#### 1.3.7.1 Employment and Unemployment Rate

The percentage of people employed by formal sector is high and constitute 63.78 % followed by informal sector with 23.95 %. The Pie chart also indicates that private households contribute 9.26 % of employment.

### 1.3.8 . INFRASTRUCTURE ANALYSIS

#### 1.3.8.1 . Multipurpose Community Centres

There are two multipurpose centres at Mokwakwaila and Soetfontein. These multipurpose centres play a critical role in ensuring that information regarding government activities is made accessible to the community. Key basic services by government and parastatals are provided to communities through the centres.

### 1.3.8.2 Community facilities

Greater Letaba Municipality has eight (8) libraries facility within its area of jurisdiction. Library contributes significantly to the education of the Greater Letaba population. The following libraries Modjadiskloof library, Soetfontein library, Maphalle library and Ga-Kgapane library are currently operational. The following libraries in Mokwakwaila, Sekgopo, Senwamokgope, and Shotong are completed and currently in the process of resourcing. Rotterdam Library designs are completed.

There are ten (10) sports facilities blueprint around Greater Letaba Municipality's area of jurisdiction targeting to benefit the community thus promote socio-cohesion. The areas where these social amenities are located is at Sekgopo, Kgapane, Lebaka, Rotterdam, Thakgalane, Senwamokgope, Shaamiriri, Mamanyoha, Mokwakwaila and Madumeleng. Five (5) of these sports facilities are still under construction using a multi-year implementation approach with prospects for completion by June 2020 (i.e Kgapane, Rotterdam and Mamanyoha Sport Stadia) and by June 2022 respectively (i.e Thakgalane and Madumeleng Sport Stadia).

The municipality has in the previous two (2) terms of Council registered a significant and immense progress in as far as addressing backlog levels in this area of sports facilities development.

### 1.3.8.3 . Water

The general state of water supply within the municipal area is not up to standard and therefore requires urgent intervention to improve the situation. The municipality often experiences unfortunate situation whereby communities are obliged to utilise contaminated water collected from natural sources like rivers and springs for domestic use. Cases of Bilharzias diseases have been reported in areas like Lemondokop as a result of contaminated water being used by desperate community members. It is imperative that additional water supply resources be provided and also that the existing resources be extended and refurbished with the assistance of the Mopani District Municipality (MDM) which is the Water Services Authority (WSA) in the area. GLM is the Water Services Provider (WSP) according to the agreement signed with MDM. Greater Letaba municipality made attempts to reclaim the status of been Water Service Authority in 2017/18 financial year though the application is not yet approved.

- **Free Basic Water**

The threshold for provision of Free Basic Water is a maximum of six (6) kilolitres per household per month. The municipality has 5804 households which reside in the proclaimed towns and they do not pay for the first 6kl of water as reflected in their service accounts. There is a total of 132 villages which receive unmetered free water

supply, which is presumed to be above the FBW threshold. In areas where there are deficiencies in water availability, water supply is supplemented by water tankers at no cost to the recipients.

- **Free Basic Electricity**

The maximum allowable consumption for Free Basic Electrification is 60kw per household per month. The municipality has received 1705 applications (for the municipality's licensed area) for FBE of which all beneficiaries are currently collecting. ESKOM administers applications and collection of FBE in areas under their licenced distribution area. The number of applications received by ESKOM in 2018/19, **3888** of which 1705 beneficiaries were collecting.

- **Street Lighting**

The municipality has a strategic intention of locating streetlights or high mast lights in areas which are at entry to the municipal area or / and affected adversely by crime. Areas which are provincial, district and local growth points, areas which have economic activities especially even after sunset are also targeted for lighting. A total of one hundred and fifty-nine (159) high mast lights were erected from 2009/2010 until 2018/2019 financial years benefiting all the wards. A vast increase in street lighting assets requires the municipality to adjust the budget for related operations and maintenance accordingly.

#### **1.3.8.4. Transport Infrastructure**

- **Road Networks and Backlogs**

Transportation infrastructure makes a major contribution to the facilitation of economic activities. A major progress has been made in improving the condition of the roads in the municipality. The municipality has a total of 1228.8 km road network.

- **Public transport**

Greater Letaba municipality public transport is accessible to communities; some villages take less than 10 minutes' walk to access public transport. Whereas some takes more than 10 minutes to access public transport which is above service norm and standards

### 1.3.8.5 Access to Health Care

STATSSA indicates that, within the Greater Letaba Municipal area, 42% of communities reside within 20 km of a hospital, 4% of communities reside within 10 km of a Health Centre and 91% of communities live within 5 km of a clinic. With the exception of the very low Health Centre statistic, Greater Letaba compares favourably with other local municipalities in the Mopani District. The distance norm to rate accessibility does not take into consideration other restrictive factors, such as bad state of roads, and therefore health facilities are in all probability less accessible to communities than reflected by the Department of Health criteria.

### 1.3.8.6 Heritage Sites

Greater Letaba Municipality has a number of heritage sites:

- ❖ \*Modjadji Cycad forest
- ❖ \*Rain Queen White House
- ❖ \*Lebjene Ruins

There is a need in Greater Letaba Municipality to promote Khelobedu language and popularize heritage sites such as Manokwe cave that is still under construction and other attractions which are found within the Greater Letaba Municipality.

### 1.3.8.7 Thusong Service Centers

Municipality has two Thusong Centres which are currently operational. The Centres are at Mokwakwaila and Soetfontein in Sekgosese area. There is a backlog in terms of establishment of additional Thusong Centres in Sekgopo and Rotterdam. The establishment of these Centres would empower the poor and disadvantaged through access to information, services and resources from governmental organizations, parastatals and business.

## 1.4 Executive Summary

### • Vision

Greater Letaba Municipality's vision is

“To be the leading municipality in the delivery of quality services for the promotion of socio-economic development”

- **Mission**

To ensure an effective, efficient and economically viable municipality through: Promotion of accountable, transparent and consultative and co-operative governance; promotion of local economic development and poverty alleviation; strengthening cooperative governance; provision of sustainable and affordable services and ensuring a compliant, safe and healthy environment.

- **Values of Greater Letaba Municipality**

The values of Greater Letaba Municipality

- Teamwork
- Commitment
- Integrity
- Value for money
- Consultation
- Transparency
- Accountability
- Courtesy
- Innovation

Greater Letaba municipality derives its existence from the objects of local government as entailed in section 152(1) of the Constitution of the Republic of South Africa:

- To provide democratic and accountable government for local communities.
- To ensure the provision of services to communities in a sustainable manner.
- To promote social and economic development.
- To promote a safe and healthy environment.
- Encouraging involvement of communities and community organizations in the matters of local government.

In the process of delivering services to the community, the municipality follows the Five Years Strategic Agenda by national government, namely;

- *Municipal Transformation and Organisational Development*
- *Basic Service Delivery and Infrastructural Development*
- *Local Economic Development*



- *Financial Viability and Management*
- *Good Governance and Public Participation*

In addition to the Five Years Strategic Agenda, the municipality operates within the framework of the following municipal strategic priorities:

- Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.
- Massive program to build economic and social infrastructure.
- Comprehensive rural development strategy linked to land and agrarian reform and food.
- Security.
- Strengthening the skills and human resource base.
- Improve the health profile of all our people.
- Intensify the fight against crime and corruption.
- Build cohesive, caring and sustainable communities.

In its vision statement, the municipality asserts to be the leading municipality in the delivery of quality services for the promotion of socio-economic development. The municipality provide core services geared to uplifting the social and economic standards of the communities by actualizing its mission and values.

### 1.5 Other Municipal Context

The dawn of democracy which was ushered by the establishment of municipal councils as dictated by chapter 7 of the Constitution of Republic of South Africa, came with its own challenges that affected the municipality and residents of Greater Letaba Municipality, however the aim of the administrative restructuring was to ensure a smooth transformation with minimum circumstances hampering service delivery to its residents.

- ***The Integrated Development Plan***

In compliance with Section 34 of the Municipal Systems Act (Act No.32 of 2000) read in conjunction with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, no. R 796/2001, the Greater Letaba Municipality has developed an Integrated Development Plan which is revised annually, accompanied by organisational review and Performance Management System review.

The IDP is the municipality's strategic planning document which guides and informs all planning and development within the municipality and a tool that enables the municipality to work towards achieving development goals as

outlined in the constitution. The IDP informs and is integrally linked and co-ordinated with the municipality's budgeting and performance management process.

The Municipality's long-term vision details the development priorities and cross cutting issues which contribute towards achieving the vision, strategies, programmes and projects; which are linked to a detailed budget and are all contained in the IDP. The Municipality has developed its objectives, strategies, projects and programmes in terms of IDP themes. They are:

- *Provision of Infrastructure and Services*
- *Creation of liveable towns and rural areas.*
- *Local Economic Development*
- *Community empowerment & redistribution.*

The Greater Letaba Municipality's IDP community consultation processes were extensive during the 2018/19 financial year. This was used as a comprehensive feedback gathering session where approximately 10 budget consultations were held across the municipality which was attended by approximately 1800 people.

## 1.6. Achievements

- The Electricity Master Plan developed and functional.
- The municipality has invested in the infrastructure development in areas such as street paving at Ditshoshing, Ntata, Mmaphakhathi, Las Vegas, Sekgopo-Moshate and sport complexes at Lebaka, and Ga-Kgapane storm water.
- The transfer stations in Senwamokgope and Ga-Kgapane are fully functional.
- The rate of service delivery was accelerated by procurement of plant and equipment such as Graders, TLB, Suction Tanker and Pedestrian roller.
- The Grants allocated to the Municipality were spent as follows
  - **MIG: 100%**
  - **FMG :100%**
  - **EPWP: 100%**
  - **FBS: 100%**
- The Municipality received an **Unqualified Audit** opinion for 2018/19 financial year on both Annual Financial Statements and Predetermined Objectives (Performance information).
- The municipality received an additional **R20 million** as a result of outstanding performance.
- Successfully held the Mayor's Cup and State of the Municipal Address (**SOMA**).

## 1.7 CHALLENGES

- Not projects were implemented as planned in the SDBIP
- Not all by-laws were reviewed.

# **CHAPTER 2**

## **GOVERNANCE**

## 2.1 Introduction

Good governance has eight major characteristics namely, participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. The municipality through its Anti-fraud and corruption policy and Labour Relations policy has ensured that corruption is minimised and corrective disciplinary actions are taken.

## 2.2 Governance Structures

The municipality during the financial year 2018/19 focused on governance and related matters. The Council decision-making and oversight functioning including the administrative tools were regarded as fundamental to enable effective and efficient decision-making and oversight. Twenty-nine (29) policies were implemented covering the entire administrative ambit to enforce compliance to legislations.

Section 151 (3) of the constitution of the Republic of South Africa stipulates that municipalities have the right to govern, on their own initiative, the local government affairs of their communities, subject to provincial legislations. The Constitution further specifies in section 155 (2) that, “national Legislation must define different types of municipalities that may be established within each category.

### 2.2.1 Political Structure

In realizing the ideals referred to above, Greater Letaba Municipality was established as a category B municipality in terms of Section 12 of the Municipal Structure’s Act No. 117 of 1998. It was established as a municipality with a collective executive system combined with a ward participatory system as per provision of Section 9 (b) of the Municipal Structures Act. During the 2018/19 financial year, Councillor Matlou MP served as the Mayor of Greater Letaba Municipality; Cllr MD Makhananisa the Speaker of Council while Cllr Mampeule P.J as the Chief Whip. The African National Congress had 30 ward Councillors and 16 PR Councillors, Economic Freedom Fighters had 9 Proportional Representative (PR) Councillors, Congress of the People had 2 PR Councillors, Democratic Alliance had 2 PR councillors and LIRA party had 1 each PR Councillor. The total number of councillors for Greater Letaba was 60.

## **Municipality's Political Structure 2018/19**



**Honourable Mayor  
Cllr Matlou M.P**



**SPEAKER  
Cllr M.D MAKHANANISA**



**CHIEFWHIP  
Cllr MAMPEULE P.J**

## EXECUTIVE COMMITTEE MEMBERS



**Cllr Selowa G**  
**Head Health & Social services**



**Cllr MP Masela**  
**Head Economic Development,  
Housing & Spatial Planning**



**Cllr Maeko Nkwana**  
**Head Corporate Services &  
Shared Services**



**Cllr ND Modiba**  
**Head Finance**



**Cllr TJ Rababalela**  
**Head Water services**



**Cllr RP Mosila**  
**Head Infrastructure**



**Cllr Mathaba E**  
**Head Agricultural &  
Environment**



**Cllr Rasetsoke S**  
**Head Sports, Recreation,  
Arts & Culture**



**Cllr Maenetsa M.B**  
**Head Public Transport  
& Roads**

The Executive Committee which is the principal committee of council is chaired by the Mayor, receive reports from different portfolio committees of the council which are forwarded to council with recommendations if they cannot dispose the matter in terms of delegated powers. The Chief Whip plays his whipping role during party caucus. Traditional Leaders participate in council in line with the provisions of Section 81 of the Municipal Structure's Act.

### 2.2.2 Municipal Committees

Section 160 (c) of the constitution stipulates that, “a municipal council may elect an executive committee and other committees, subject to national legislation.” Section 79 and 80 of the Municipal Structures Act No. 32 of 2000 gave effect, to this provision by establishing the following committees with each committee headed by full time Councillors and chaired by chairpersons.

**Table 2.1: Municipal Committees**

PORTFOLIO COMMITTEE	HEAD	CHAIRPERSON	COMMITTEE MEMBERS
<b>Corporate and Shared Services</b>	Cllr. Maeko-Nkwana M.M	Cllr. Lebeko N.F (From December 2018)	Cllr. Baloyi R.G Cllr. Hlapane M.F Cllr. Motsinoni R
<b>Finance</b>	Cllr. Modiba N.D	Cllr. Ngobeni B.E	Cllr. Mosila M.R Cllr. Masela M.P Cllr. Maeko-Nkwana M.M Cllr. Selowa M.G Cllr. Rababalela T.J Cllr. Modiba N.D Cllr. Rasetsoke S.M Cllr. Mathaba M.M Cllr. Maenetsa M.B Cllr. Matlou M.P
<b>Infrastructure</b>	Cllr Mosila M.R	Cllr Malatjie S.S	Cllr. Makomene M.P Cllr. Masedi M.E Cllr. Mangoro M.V Cllr. Nkuna V
<b>Economic Development, Housing &amp; Spatial planning</b>	Cllr. Masela M.P	Cllr. Mankgeru M.M	Cllr. Rampedi M.V Cllr. Mabeba M.M Cllr. Mohale M.J Cllr. Rampyapedi S.B Cllr. Selomo M.M Cllr Modjadji G.H
<b>Agriculture and Environment.</b>	Cllr. Mathaba M.E	Cllr. Ngobeni M.P	Cllr. Rahлага R Cllr. Ralepatana P.P Cllr. Maluleke Z.T Cllr. Ndobela M.E.C
<b>Community Services</b>	Cllr. Selowa M.G	Cllr. Lebepe M.A	Cllr. Kgatla M.S Cllr. Hlungwane S.J Cllr. Mohale S.L Cllr. Raphokwane D
<b>Public Transport and Roads</b>	Cllr. Maenetja M.B	Cllr. Kgapane T.J	Cllr. Masedi M.E Cllr. Seshoka N.L



			Cllr. Senyolo T.J Cllr. Rasetsoke M.C
<b>Water and Sanitation Services</b>	Cllr. Rababalela T.J	Cllr. Selowa N	Cllr. Selamolela S Cllr. Ndobela M.C Cllr. Selomo M.M
<b>Sports Arts and Culture</b>	Cllr. Rasetsoke S.M	Cllr. Ramaano K.E	Cllr. Rabothata D.G Cllr. Ramalobela M.L Cllr. Ramabela M.E Cllr. Pohl F.C

All committees are constituted by all councillors representing different Political Parties, Officials and Traditional Leaders. Section 80 committees are established as and when required as outlined in the Act. The committees operate under the auspices of council and are delegated certain powers and duties to execute.

### **2.2.3. Municipal Public Accounts Committee (MPAC)**

Greater Letaba Municipality has established Municipal Public Accounts Committee in line with the National Guidelines and the stipulations in Section 79 of the Municipal Structures Act No.117 of 1998 and the committee comprises of the following members:

**Table 2.2: MPAC Committee**

<b>Name</b>	<b>Gender</b>
<b>Councillor Manyama M.I</b>	Male: Chairperson
<b>Cllr Maake M.R</b>	Female
<b>Cllr Manyama M.S (Deceased)</b>	Male
<b>Cllr Monaiwa M.P</b>	Male
<b>Cllr Monyela K.B</b>	Female
<b>Cllr Ralefatane M.E</b>	Female
<b>Cllr Selema P.W</b>	Male
<b>Cllr Mathedimosa M</b>	Female
<b>Cllr Mohale P.J</b>	Female
<b>Cllr Ramoba M</b>	Male

### 2.2.3 Rules and Ethics Committee

The Rules and Ethics Committee reports to the Speaker of Council (Cllr MD Makhananisa). The committee ensures compliance with the Code of Conduct as set out in Schedule 1 of the Local Government: Municipal Systems Act 32 of 2000 as amended. The Code requires that a Municipal Council may establish a special committee to investigate and make a finding on any alleged breach of the Code and make appropriate recommendations to the Municipal Council. The Municipality established Rules and ethics Committee in 2019 and developed terms of reference for approval by Council. The Committee has attended induction and also reviewed the council Rules of Order for approval by Council.

The Rules and Ethics Committee consist of:

Name of the Committee Member	Capacity
Cllr. Selamolela S	Chairperson
Cllr. Mathaba M.E.	Member
Cllr. Rasetsoke M.C.	Member
Cllr. Kgatla M.S.	Member
Cllr. Hlapane M.F.	Member

### 2.2.4 Disciplinary Board

The municipality has established a Financial Misconduct Disciplinary Board in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 read with section 21(1)(a) and (b) of the Municipal Systems Act, 2000 (Act 32 of 2000). The draft reporting procedure and terms of reference are developed for approval by council.

The Financial Misconduct Disciplinary Board consist of:

Name of the Committee Member	Designation	Capacity
Makgale MM	Chairperson of the Audit Committee	Chairperson
Mokhufi E	Assistant Director: Internal Audit	Member
Chuene K.R	Assistant Director: Legal Services	Member
Chauke MM	Municipal Manager: Giyani Local Municipality	Member

### 2.2.5 Municipal Council

Council is a structure that is vested with executive and legislative authority. Council is chaired by the Speaker who must among other functions ensures that council meetings are conducted in line with council rules and orders and those they meet quarterly. The Council of Greater Letaba Municipality is stable. 4 Ordinary meetings were held as legislated and seven (7) special councils' meetings held for 2018/19 financial year.

**Table 2.3: Statistical report on attendance of Meetings.**

COMMITTEE / STUCTURE	MEETINGS SCHEDULED	MEETINGS HELD	STATUS
Council	4	11 (4 Ord & 7 Spec)	Target Exceeded
EXCO	4	13 (4 Ord & 7 Spec)	Target Exceeded
Corporate & Shared Services	12	12 meetings held	Target Achieved
Infrastructure	12	06 meetings held	Below Target
Local Economic Development	12	04 meetings held	Below Target
Public Transport and Roads	12	15 meetings held	Target Exceeded
Health and Social Services	12	05 meetings held	Below Target
Environment & Agriculture	12	09 meetings held	Below Target
Sports, Arts and Culture	12	08 meetings held	Below Target
Water Services	12	12 meetings held	Target Exceeded
Finance	12	09 meetings held	Below Target
Audit Committee	4	04 meetings held)	Target Achieved
MPAC	12	11 meetings held	Below Target

#### **2.2.6 Portfolio Committees functionality**

The Portfolio Committee system which was established in terms of S79 of the Local Government: Municipal Structures Act, No.117 of 1998, supports the Greater Letaba Municipality Council. Each Portfolio Committee meets once a month. Their core function is to look at specific issues that relate to each Portfolio, research issues and find necessary facts before those issues could be discussed by Councillors who sit in each of the Portfolio committees. The Committee deliberates on issues and make recommendations to EXCO and Council, for the latter to take the final decisions. The Portfolio Committees for GLM are indicated above.

#### **2.2.7 Audit Committee functionality**

The Audit Committee, consisting of independent, external members listed below. The committee is required to meet at least 4 times per annum as per the Audit Committee Charter. The municipality appointed its own audit committee members in accordance with the Municipal Finance Management Act no 56 of 2003 Section 166(2). The functions of the committee among others include the following:

- To advise the Council on all matters related to compliance and effective governance.

- To review the Annual Financial Statements.
- To respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To compile reports to Council.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the plans of the internal audit function and ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- To provide support to the internal audit function

All 4 ordinary meetings and 2 special audit committee to consider the Annual Financial Statements and Auditor General report were held. The Audit Committee submitted two (02) reports to Council in 2018/19.

Names	Designation	Number of meetings held	Number of Meetings Attended	Number of Apologies rendered
<b>Makgale MM</b>	Audit Committee ( <b>chairperson</b> )	4	3	1
<b>Mrs Mojapelo</b>	Audit Committee member	4	4	0
<b>Mr Sebola T</b>	Audit Committee member	4	4	0
<b>Mrs Mudau FT</b>	Audit Committee member	4	4	1
<b>Mr Raphalani R</b>	Audit Committee member	4	3	1
<b>Ms Ramutsheli M.P</b>	Audit Committee member	4	2	1

**Table 2.4: Statistical report on the attendance of Audit Committee meetings**

### **2.3. Administrative Governance Structure**

Section 160 1 (d) of the constitution stipulates that, "A Municipal Council may employ personnel that are necessary for the effective performance of its function." To give effect to this provision, council has appointed a Municipal Manager who is the head of administration and also as the accounting officer for the municipality as outlined in Section 82 of the Municipal Structures Act.

The Accounting Officer of Municipality during in 2018/19 was Dr Innocent Sirovha. Council further appointed managers who directly account to the Municipal Manager in consultation with the Municipal Manager in line with the provision of Section 56 of the Municipal System's Act No. 32 of 2000. The administrative structure of the

municipality has been reviewed and adopted by council on the 30<sup>th</sup> of May 2019 as required by Section 66 of the Municipal Systems Act. Greater Letaba Municipality has five (5) departments. Each department and the office of the Municipal Manager have specific functions that they perform to give effect to Council's mandate as enshrined in Section 152 of the Constitution of the Republic of South Africa.

The municipality has an approved 2018/19 IDP that informs the Budget and SDBIP. All Managers and the Municipal Manager have duly signed employment contracts and performance agreements in the financial year 2018/19. The management team's mission is to oversee, coordinate and manage the transformation and strategic agenda of the municipality as well as facilitation of the transformation process by providing strategic advice and of support for the Mayor, Speaker, Council committee, EXCO and Municipal Council.

The municipal's head office is located in Modjadjiskloof, 44 Botha Street. To ensure accessibility of services to the public, there are three sub-offices which are located at Ga-Kgapane, Mokwakwaila and Senwamokgope.

**The following individuals were members of the municipality 's top management:**

<b>POSITION</b>	<b>NAME</b>
<b>Municipal Manager</b>	<b>Dr Sirovha KI</b>
<b>Chief Financial Officer</b>	<b>Mrs Mankgabe MF</b>
<b>Director: Corporate Services</b>	<b>Dr Letsoalo MB</b>
<b>Director: Community Services</b>	<b>Dr Mokoena MD</b>
<b>Director Technical Services</b>	<b>Mr Malungana ME</b>
<b>Director: Development &amp; Town Planning</b>	<b>Mr Sewape MO</b>

## MUNICIPALITY'S ADMINISTRATIVE STRUCTURE 2018/19



**Dr Sirovha KI**  
Municipal Manager



**Mr Malungana M.E**  
Director Technical  
Services



**Dr Letsoalo MB.**  
Director: Corporate  
Services



**Mrs Mankgaba MF**  
Chief Financial Officer



**Dr Mokoena M.D**  
Director: Community  
Services



**Mr Sewape MO**  
Director Development  
& Town Planning

The Greater Letaba Municipality administration has been organized into six (6) directorates. The management team's mission is to oversee, coordinate and manage the transformation and strategic agenda of the municipality as well as facilitate the transformation process by providing strategic advice and project support to the Mayor, Speaker and Municipal Manager thereby ensuring that there is political and administrative unity. Each directorate including the Municipal Manager's office, contain a set of operational divisions.

As part of the Institutional transformation and in an endeavour to strengthen and build an efficient administration, alternate delivery mechanisms are reviewed in order to ensure improved services to communities. In order to enhance operational efficiency, an organisational structure review was undertaken and adopted by Council.

- **The Municipal Manager's Office**

The overall purpose of the office is to provide strategic administrative support to the council. The municipality has six directorates which account to the Municipal Manager as the head of administration as stipulated in Section 55 of the Municipal Systems Act, no 32 of 2000. The Municipal Manager's Office renders the following functions:

- *Risk and internal audit.*
- *Performance Management System.*
- *Communication and events.*
- *Disaster services.*
- *Infrastructure development and planning.*
- *Community services and social development.*
- *Corporate services.*
- *Budget and treasury*

## 2.4. Intergovernmental Relations

Intergovernmental Relations issues are handled by the Mayor's Office which is responsible for developing, promoting and implementing all the international, national and local citizenship relationships to maintain a positive profile of Greater Letaba, nationally and internationally.

## 2.5. Public Accountability and Participation

### • **Communication**

Local Government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments, all impose an obligation on Local Government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all. The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the above-mentioned legislation for them to exercise their right in this respect. The municipality is committed to the principle of Batho Pele.

Good customer care is of fundamental importance to the municipality. The municipality has a Communication Strategy which links the people to the municipality's programme for the year. Below is a communication checklist of the compliance to the communication requirements:

COMMUNICATION ACTIVITY	YES/NO
Communication Unit	Yes
Communication strategy	Yes
Communication policy	Yes
Language policy	Yes

<b>Whistle Blowing Policy</b>	<b>Yes</b>
<b>Customer Satisfaction Survey</b>	<b>No</b>
<b>Functional Complaints Management system</b>	<b>Yes</b>
<b>No. of Newsletters issued in 2018/19</b>	<b>2</b>
<b>No. of public participations held as per Section 16 of the Municipal Systems Act</b>	<b>10</b>
<b>No. of Imbizos held</b>	<b>5</b>
<b>No. of newspaper articles/notices published</b>	<b>35</b>

### **3. Ward Committees**

The municipal council has established 30 functional Ward committees in line with Section 73 of the Municipal Structures Act. The term of office corresponds with the term stipulated in section 24 of the Local Government Laws Amendment Act No. 19 of 2008. The committees are chaired by ward councillors and have powers and functions to make recommendations on any matter affecting their ward to all structures of council through the ward councillors as specified in Section 74 of the Act. Ward committees give effect to public participation as outlined in chapter 4 of the Municipal Systems Act by assisting Ward councillors in mobilizing, organizing consultative meetings and activities, disseminating information and encouraging participation from residents in the ward. Ward committees have a budget to cater for their out of pocket expenditure. Ward committee are required as per the plan to submit monthly reports to office of the speaker.

In addition to ward committees, the SDBIP were made public. The SDBIP contained projected financial and service delivery Indicators and deliverables. Members of the public were invited to participate in the Oversight process related to the Annual Report. In order to promote public accountability and participation, members of the public were invited to attend all meetings of the Council meetings. Furthermore, public participations were also conducted through Mayoral Budget and IDP Imbizos. These were held prior to developing the draft budget in order to provide feedback to the community the implementation of projects in the current financial year and to stimulate the needs of the community in order to provide input for the new financial year.

#### **3.3. Corporate Governance**

The municipality has functioned in accordance with the political, statutory and other relationships between its political structures, political office bearers and administration and its community. It has exercised its authority within the constitutional system of co-operative government envisaged in section 41 of the Constitution. The



administration is governed by the democratic values and principles embodied in section 195(1) of the Constitution. It has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitution. It sought to achieve the integrated, sustainable and equitable social and economic development of its area. These functions are listed in Chapter 5 of the Local Government: Municipal Structures Act, 1998, as amended, (“the Structures Act”).

### 3.3.1. Risk Management

Risk management forms part of management’s core responsibilities and it is an integral part of the internal processes of the municipality. When properly executed risk management provides reasonable assurance, that the municipality will be successful in achieving its goals and objectives. MFMA S62 (i)(c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The municipality is aware of the impact of risk on service delivery; as such it has developed extensive risk mitigating measures for both strategic and operational risks that have been identified. The King III report on corporate governance has identified risk governance as one of the cornerstones that if successfully implemented, can create and sustain stakeholder value. The following are risks that the municipality have identified during the 2018/19 financial year.

**Table 2.5: Major risk identified during risk assessment workshop.**

No	Strategic Objective	Risk Description	Mitigation Action	Risk Owner
1	Sustainable financial institution	Lack of revenue generation	<ul style="list-style-type: none"> <li>•Develop and implement revenue generation mechanisms on properties owned by the municipality.</li> <li>• Service the acquired land</li> <li>•Implementation of revenue enhancement strategy</li> </ul>	<ul style="list-style-type: none"> <li>•Development and Town Planning</li> <li>•Budget and Treasury Office</li> </ul>
2	Sustainable financial institution	Inability to collect debt	<ul style="list-style-type: none"> <li>•Implementation of credit control policy</li> <li>•Hand over collection of debts to private collection agencies</li> <li>• Improve accuracy of the billing system</li> </ul>	<ul style="list-style-type: none"> <li>•Budget and Treasury Office</li> <li>•Budget and Treasury Office</li> </ul>

No	Strategic Objective	Risk Description	Mitigation Action	Risk Owner
			<ul style="list-style-type: none"> <li>•Resume negotiations with Department of Public Works to obtain ownership of land at Mokgoba</li> <li>•Establish an awareness campaign to promote property registration.</li> </ul>	<ul style="list-style-type: none"> <li>•Development and Town Planning</li> <li>•Development and Town Planning</li> </ul>
3	Access to sustainable basic services and Improved quality of life	Poor infrastructure maintenance	<ul style="list-style-type: none"> <li>•Development of infrastructure maintenance plan</li> <li>•Prioritization of infrastructure maintenance funding during budget planning</li> </ul>	<ul style="list-style-type: none"> <li>•Technical Services</li> <li>• Municipal Manager</li> </ul>
4	Integrated sustainable Human settlement	Land invasion	<ul style="list-style-type: none"> <li>•Development of land invasion strategy</li> <li>• Provision of serviced land</li> <li>• Filling of vacancies (Land use management unit)</li> </ul>	<ul style="list-style-type: none"> <li>•Development and Town Planning</li> <li>•Development and Town Planning</li> </ul>
5	Improved Local economy	Regulatory entry barriers and lack of confidence for new investors.	<ul style="list-style-type: none"> <li>•Establishment of task team including relevant stakeholders</li> <li>•Development and implementation LED strategy</li> <li>•Development of a formal record keeping system</li> </ul>	<ul style="list-style-type: none"> <li>•Development and Town Planning</li> </ul>
6	Improved governance and organization excellence	Fraud, theft and corruption	<ul style="list-style-type: none"> <li>• Disclosure of interest</li> </ul> <p>Declaration and recusals in formal/official meetings where business decisions are taken.</p>	<ul style="list-style-type: none"> <li>•Corporate Services</li> </ul>

No	Strategic Objective	Risk Description	Mitigation Action	Risk Owner
			<ul style="list-style-type: none"> <li>• Pre-employment screenings</li> <li>• Implementation of fraud prevention plan</li> </ul>	
7	Improved Human Resource	Inadequate performance management	<ul style="list-style-type: none"> <li>• Incremental cascading of PMS to lower levels</li> <li>• Conduct an objective specific skills and qualifications audit</li> <li>• Appointment of a Skills Development Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal Manager's Office</li> <li>• Corporate Services</li> </ul>
8	Improved Human Resource	Reliance on consultants	<ul style="list-style-type: none"> <li>• Re-engineering organizational structure</li> <li>• Develop and implement staff performance management system</li> <li>• Improve the management of contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Services</li> <li>• Municipal Managers Office</li> </ul>
9	Improved governance and organization excellence	Cyber attacks	<ul style="list-style-type: none"> <li>• ICT Software System to monitor, ICT environment</li> <li>• Setup soft system policies to cab abuse of ICT Systems and information permissions</li> <li>• Traffic monitoring and analysis Software for hardware and Cyber resilience software for email (mime cast)</li> <li>• Invest in IT security and applying the latest security patches and apply more software system policies for strict controls</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Services</li> </ul>

No	Strategic Objective	Risk Description	Mitigation Action	Risk Owner
			<ul style="list-style-type: none"> <li>Updated Anti-Virus programs, and email anti-virus programs (mime cast) to also include tables and cell phones programs</li> <li>Security awareness training for employees</li> </ul>	
10	Aged infrastructure	Aged ICT infrastructure	<ul style="list-style-type: none"> <li>Replacing all out dated hardware</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Services</li> </ul>

### 3.3.2. Anti-Corruption and Fraud

The municipality has an approved Anti-fraud and corruption policy in place to deal with matters relating to fraud and corruption within the municipality. In addition, the Labour Relations and Whistle blowing policies were implemented.

### 3.3.3. Supply chain Management

The municipality's Supply Chain Management (SCM) unit is a support function for all directorates within the municipality to ensure provision of efficient, transparent, fair, equitable and cost-effective procurement services hence assisting them to implement their service delivery priorities. In terms of the MFMA SCM regulations, the SCM unit is established to implement the SCM policy adopted by council. It has operated under the direct supervision of the Chief Financial Officer. The supply chain management policies were adopted by Council and published on the website.

### 3.3.4. By-laws

The Municipal Systems Act of 2000, Section 11 (3) (m) provides Municipal Councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. During the financial year 2018/19 the municipality did not gazette any new by-laws.

### 3.3.5. Website

The municipal website ([www.greaterletaba.gov.za](http://www.greaterletaba.gov.za)) is an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget,

adjustments budgets and budget related documents and policies. The website is maintained by State Information Technology Agency (SITA).

The municipality s website is functional and operational.

The table below gives an indication about the information and documents that are published on our website

Table

DESCRIPTION OF INFORMATION AND/OR DOCUMENT	YES/NO
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Annual and adjustments budgets and all budget-related documents / reports	Yes
All current budget-related policies	Yes
The annual report (2017/18) published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/19)	Yes
All service level agreements 2018/19	No
All long-term borrowing contracts (2018/19)	N/A
All supply chain management contracts above a prescribed value of R200 000 for 2018/19	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2018/19	No
Public-private partnership agreements referred to in section 120 made in 2018/19	No
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19	Yes
Integrated Development Plan (IDP) 2018/19	Yes
Service Delivery Budget Implementation Plan (SDBIP) 2018/19	Yes

### 3.4. Governance Highlights

- MPAC was able to hold one (1) public hearing on Annual Performance Report, a strategic retreat session, regular project visits, and meetings with the Management Team.
- The municipality managed to support emerging farmers through training and providing them with financial assistance.
- Establishment and induction of the municipal **Rules and Ethics Committee**.
- Establishment of **Disciplinary Board**
- Capacitating of Councillors, Officials and Interns on Municipal Finance Management competency programme.

<b>Contact Person: Ramahala T</b>		<b>Phone no: 0726688132</b>		<b>Email address: <a href="mailto:Thulir@glm.gov.za">Thulir@glm.gov.za</a></b>		
Description	"A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))"	"B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))"	Consolidat ed: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
Accounting officer	1	n/a	1	1	1	1
Chief financial officer	1	n/a	1	0	1	1
Senior managers	4	n/a	4	2	4	2
Any other financial officials	33	n/a	33	33	n/a	33
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	1	n/a	1	0	n/a	1
<b>Others</b>						
Other officials and Councillors	48	n/a	48	21	n/a	27
Finance Interns	11	n/a	11	0	n/a	n/a
<b>TOTAL</b>	<b>99</b>	<b>n/a</b>	<b>99</b>	<b>57</b>	<b>6</b>	<b>65</b>
Comments: Greater Letaba Municipality has met and far exceeded the target for implementation of the MFMA Municipal Regulation on minimum competency levels. The municipality went an extra mile by training employees from other sections, Finance Interns and Councillors. 37 have not yet met the prescribed competency levels.						

# **CHAPTER 3**

## **SERVICE DELIVERY PERFORMANCE**



### 3.1: Introduction

This chapter focuses on service delivery on a service by service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on community needs and resource deployment. A brief narrative of all the services provided by the municipality and the performance highlights for the year is also highlighted.

The Annual Performance Report (APR) is a legislative requirement prescribed by section 46(1) and (2) of the Municipal Systems Act (MSA), 32 of 2000. The municipality has complied with legislation by submitting its APR to the Auditor General, Cooperative Governance Human Settlement Traditional Affairs and National and Provincial Treasury by the 31 of August 2019. The APR, amongst other documents, form part of the consolidated Annual Report of the Municipality which must be submitted to Council by the end of January on an annual basis. The analysis of the APR is aimed at evaluating the quality of the actual results delivered by programmes in the attainment of the Municipality's strategic objectives. Prior to the analysis of APR, the Audit Findings regarding performance should be taken into consideration; this would give a greater understanding to any shortfalls identified, especially the non-achievement of targets.

### 3.2. Performance Highlights

The municipality has almost achieved 85% of planned targets and this resulted in some projects rolled over to the 2019/20 financial year.

OVERALL ORGANISATIONAL PERFORMANCE	
Municipal Transformation and Organisational Development	86%
Basic Service Delivery	80%
Local Economic Development	100%
Municipal Financial Management Viability	82%
Good Governance and Public Participation	93%
OVERALL ORGANISATIONAL PERFORMANCE	85%

The 15% under performance was due to low revenue collection (consumers not paying for services) and FBS budget not fully spent due illegal connection. Audit committee resolutions not fully implemented. Based on the above assessment, it is therefore recommended that the municipality should come up with strategies to enhance revenue and those consumers not qualifying for paying of municipal services to apply for indigent relief.

## ANNUAL PERFORMANCE REPORT SECTION 46

### SERVICE DELIVERY PERFORMANCE SUMMARY FOR 2018/2019 ANNUAL PERFORMANCE REPORT

The table and graph below illustrate service delivery performance of Greater Letaba Municipality against the National Key Performance Areas (NKPAs)

KPA's Performance Indicators	No. of Applicable Indicators	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	21	17	4	81%
Basic Service Delivery	6	5	1	83%
Local Economic Development	5	5	0	100%
Municipal Finance Management Viability	24	19	5	79%
Good Governance and Public Participation	13	12	1	92%
	69	57	10	84%
		Overall% 84%		
KPA's Projects	No. of Applicable Indicators	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	11	11	0	100%
Basic Service Delivery	51	40	11	78%
Local Economic Development	0	0	0	0%
Municipal Finance Management Viability	4	4	0	100%
Good Governance and Public Participation	1	1	0	100%
	67	56	11	84%
		Overall% 84%		
KPA's Performance Indicators and Projects	No. of Applicable Indicators & projects	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	32	28	4	86%
Basic Service Delivery	57	45	10	80%
Local Economic Development	5	5	0	100%
Municipal Finance Management Viability	28	23	5	82%
Good Governance and Public Participation	14	13	1	93%
	136	115	21	84%
		Overall% 85%		
The 16% under performance was due to low revenue collection (consumers not paying for services) and FBS budget not fully spent due illegal connection. Audit committee resolutions not fully implemented. Based on the above assessment, it is therefore recommended that the municipality should come up with strategies to enhance revenue and those consumers not qualifying for paying of municipal services to apply for indigent relief.				

## KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
<b>OUTCOME NINE (OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT, OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES)</b>														
	Improved Governance and Organisational Excellence	Human Resource Management	To ensure that the reviewed organizational structure is approved by council by 31 May 2019	Council approve the Organisational structure	Date	29-May-18	Council Approved Organizational structure by 31 May 2019	Operational	Council Approved Organizational structure by 29 May 2019	Target Achieved	None	None	Director Corps	Council Approved Organizational structure, Council Resolution
	Improved Governance and Organisational Excellence	Human Resource Management	Reducing the vacancy rate within the financial year	# of vacant positions filled	Number	68 positions filled	53 positions filled by 30 May 2019	Operational	97 Positions held	Target Achieved	None	None	Director Corps	Appointment letters
	Integrated Sustainable Development	IDP	Approval of the IDP/Budget/PMS process plan by 31 July 2018	Council approve IDP/Budget/PMS Process Plan	Date	30-Jul-17	Approval of 2018/19 IDP/Budget/PMS Process Plan by 31 July 2018	Operational	Approval of 2018/19 IDP/Budget/PMS Process Plan by 31 July 2018	Target Achieved	None	None	Director PLAN	Approved IDP/Budget/PMS Process plan, Council Resolution
	Integrated Sustainable Development	IDP	Approval of the Final 2019/20 IDP by 31 March 2019 & final IDP by 31 May 2019	Council approve IDP within financial year	Date	29-Mar-18	Approval of IDP by Council by 30 June 2019	Operational	Approval of final 2019/20 IDP by 29 May 2019	Target Achieved	None	None	Director PLAN	Council approved Draft & IDP resolution, Council Resolution
	Improved Governance and Organisational Excellence	PMS	To ensure that SDBIP is finalised by 30 June 2019	Mayor Approve SDBIP within 28 days after adoption of the Budget and IDP	Date	22-Jun-18	Approval of final 2019/20 SDBIP by the Mayor within 28 days after adoption of the Budget and IDP by 30 June 2019	Operational	Approval of final 2019/20 SDBIP by the Mayor within 28 days after adoption of the Budget and IDP by 30 June 2019	Target Achieved	None	None	Municipal Manager	Signed SDBIP by the Mayor

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
<b>KPA 1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT</b>														
<b>KEY PERFORMANCE INDICATORS</b>														
<b>OUTCOME NINE (OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT, OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES)</b>														
	Improved Governance and Organisational Excellence	Human Resource Management	To ensure that the reviewed organizational structure is approved by council by 31 May 2019	Council approve the Organisational structure	Date	29-May-18	Council Approved Organizational structure by 31 May 2019	Operational	Council Approved Organizational structure by 29 May 2019	Target Achieved	None	None	Director Corps	Council Approved Organizational structure, Council Resolution
	Improved Governance and Organisational Excellence	Human Resource Management	Reducing the vacancy rate within the financial year	# of vacant positions filled	Number	68 positions filled	53 positions filled by 30 May 2019	Operational	97 Positions held	Target Achieved	None	None	Director Corps	Appointment letters
	Integrated Sustainable Development	IDP	Approval of the IDP/Budget/PMS process plan by 31 July 2018	Council approve IDP/Budget/ PMS Process Plan	Date	30-Jul-17	Approval of 2018/19 IDP/Budget/PMS Process Plan by 31 July 2018	Operational	Approval of 2018/19 IDP/Budget/PMS Process Plan by 31 July 2018	Target Achieved	None	None	Director PLAN	Council Approved IDP/ Budget/ PMS Process plan, Council Resolution
	Integrated Sustainable Development	IDP	Approval of the Final 2019/20 IDP by 31 March 2019 & final IDP by 31 May 2019	Council approve IDP within financial year	Date	29-Mar-18	Approval of IDP by Council by 30 June 2019	Operational	Approval of final 2019/20 IDP by 29 May 2019	Target Achieved	None	None	Director PLAN	Council approved Draft & Final IDP resolution, Council Resolution
	Improved Governance and Organisational Excellence	PMS	To ensure that SDBIP is finalised by 30 June 2019	Mayor Approve SDBIP within 28 days after adoption of the Budget and IDP	Date	22-Jun-18	Approval of final 2019/20 SDBIP by the Mayor within 28 days after adoption of the Budget and IDP by 30 June 2019	Operational	Approval of final 2019/20 SDBIP by the Mayor within 28 days after adoption of the Budget and IDP by 30 June 2019	Target Achieved	None	None	Municipal Manager	Signed SDBIP by the Mayor
	Improved Governance and Organisational Excellence	PMS	To ensure quarterly reporting and compliance within the financial year	# of Quarterly performance reports compiled	Number	4	4	Operational	4	Target Achieved	None	None	Municipal Manager	Council approved Quarterly reports

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
	Improved Governance and Organisational Excellence	PMS	To ensure that S54 & 56 Managers sign the performance agreements within 30 days after adoption of the final SDBIP.	Signed Performance Agreements by all S54A & 56 Managers	Date	All sec 54 & 56 Managers are vacant	Performance Agreements signed by Sec 54 & 56 Managers by 31 July 2018	Operational	Performance Agreements signed by Sec 54 & 56 Managers by 31 July 2018	Target Achieved	None	None	Municipal Manager	Signed Performance Agreements for Sec 54 & 56 Managers
	Improved Governance and Organisational Excellence	PMS	To ensure quarterly assessments for S54 & 56 Managers is conducted within 30 days after the end of the quarter.	# of performance assessments conducted for Sec 54A & 56 Managers	Number	0	6	Operational	0	Target not Achieved	postponed due to unavailability of panel members	Assessments rescheduled for 1st quarter of 2019/20 financial year	Municipal Manager	Performance Assessments report
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance within the financial year	Submit Annual Institutional Performance report to CoGHSTA, Provincial Treasury and National Treasury by 30 August each year	Date	30-Aug-17	Submission of 2017/18 Annual Institutional Performance Report by 30 August 2018	Operational	Submission of 2017/18 Annual Institutional Performance Report by 30 August 2018	Target Achieved	None	None	Municipal Manager	Dated proof of submission to CoGHSTA, Provincial and National Treasury
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance within the financial year	Submit Mid-Year report to CoGHSTA, Provincial and National Treasury by 25 January each year	Date	25-Jan-18	Submission of 2018/19 Mid-year report to CoGHSTA, Provincial Treasury and National Treasury by 25 January 2019	Operational	2018/19 Mid year report submitted to CoGHSTA, Provincial Treasury & National Treasury on the 25 January 2019	Target Achieved	None	None	Municipal Manager	Dated proof of submission to CoGHSTA, Provincial and National Treasury
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance	Table Annual Report in Council by 31 January each year	Date	30-01-2018	Tabling of 2017/18 Annual report in Council by 31 January 2019	Operational	2017/18 Annual report tabled on the 30 January 2019	Target Achieved	None	None	Municipal Manager	Council approved Annual report, Council resolution
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance within the financial year	Table Oversight report on the Annual Report in Council by 31 March each year	Date	2018/03/31	Tabling of 2017/18 Oversight report on the Annual Report in Council by 31 March 2019	Operational	2017/18 oversight report on Annual report tabled on the 29 March 2019	Target Achieved	None	None	Municipal Manager	Council approved Oversight report on the Annual report, Council resolution

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance within the financial year	Publish Oversight report in the Media (Media print / Website) after 7 days of adoption	Date	04-Apr-18	Publishing of the 2017/18 Oversight report in the Website within 7 days of adoption by 07 April 2019	Operational	2017/18 Oversight report was published on the website on the 6 April 2019	Target Achieved	None	None	Municipal Manager	Website screen shots
	Improved Governance and Organisational Excellence	PMS	To ensure municipal reporting and compliance within the financial year	The Mayor approve SDBIP within 28 days within financial year	Date	31-Mar-18	Approval of the reviewed 2018/19 SDBIP in Council by 31 March 2019	Operational	2018/19 Reviewed SDBIP approved on the 29 March 2019	Target Achieved	None	None	Municipal Manager	Reviewed 2018/19 SDBIP, Council resolution
	Improved Governance and Organisational Excellence	Legal Services	To improve efficiency and effectiveness of municipal administration within the financial year	% Signed Service Level Agreements within 30 days after the appointment of Service Providers	Percentage, (# of SLA s developed/ # of Appointment s made)	100% of SLA developed	100%	Operational	100%	Target Achieved	None	None	Director Corp	Dated signed Service Level Agreements
	Improved Governance and Organisational Excellence	Internal Audit	To conduct quarterly assessment on municipal performance within the financial year	# of performance audit reports compiled and issued to the Accounting Officer	Number	4	4	Operational	4	Target Achieved	None	None	Municipal Manager	Performance Audit report tabled, Council resolution, report signed off by the MM
	Improved Governance and Organisational Excellence	Internal Audit	Functionality of Audit within the financial year	Develop Audit action plan for current financial year	Date	30-Jan-19	Development of 2017/18 Audit Action plan by 31 January 2019	Operational	2017/18 AG Action Plan developed and approved by council on the 30 January 2019	Target Achieved	None	None	Municipal Manager	Council approved audit action plan, Council resolution
	Improved Governance and Organisational Excellence	Internal Audit	Functionality of Audit within the financial year	Develop Internal Audit plan for current financial year	Date	30-Jun-18	Development of 2018/19 Internal Audit plan by 30 June 2019	Operational	Internal Audit plan approved by Audit Committee on 22 June 2019	Target Achieved	None	None	Municipal Manager	Approved Internal Audit Plan
	Improved Governance and Organisational Excellence	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2019	% of internal audit issues resolved	Percentage, (# of Internal Audit issues resolved / # of issues raised)	69% Internal issues resolved	100% internal audit issues resolved (# of Internal Audit issues resolved / # of issues raised) by June 2019	Operational	70% internal audit issues resolved	Target not Achieved	30% of unresolved issues are ongoing	Issues will be resolved in the 1st Quarter	Municipal Manager	Resolved IA register/plan, POE submitted

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
	Improved Governance and Organisational Excellence	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2019	% of AG issues resolved	Percentage, (# of Auditor General issues resolved / # of issues raised)	48% AG issues resolved	100% AG issues resolved by 30 June 2019	Operational	65% 13/20 AG queries resolved	Target not Achieved	Other issues to be resolved during finalisation of AFS	Outstanding issues will be resolved in the preparation of the AFS	Municipal Manager	Resolved AG issues and POE 's submitted
	Improved Governance and Organisational Excellence	Risk management	To ensure effective implementation of risk mitigations actions 30 June 2019	% of Risk issues resolved	Percentage, (# Risk issues implemented / resolved / # of risks identified)	67% Risk issues resolved	100% Risk issues resolved by 30 June 2019	Operational	Only 67% risk issues resolved.	Target not Achieved	23% of unresolved issues are ongoing	Issues will be resolved in the 1st Quarter	Municipal Manager	Resolved Risk issues and POE submitted

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
<b>KPA 2 : BASIC SERVICE DELIVERY INDICATORS</b>														
<b>OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES, OUTPUT 3: IMPLEMENTATION OF THE COMMUNITY WORKS PROGRAMME</b>														
	Integrated and Sustainable Human Settlement	Spatial Planning	To ensure that land use applications are processed within 90 days of receipt.	% of land use applications processed	Percentage, (# of applications received / # of land use applications processed) within 90 days	100%, 73/73 land use applications received and processed	100%	Operational	100% 83/83 land use applications processed	Target Achieved	None	None	Director PLAN	Dated register recording land use applications & Land use applications
	Access to Sustainable Basic Services	Waste management	Provision of waste removal within the financial year	# of HH with access to refuse removal	Number	4654 HH accessed refuse removal once a week	4 654	Operational	4 579	Target Not Achieved	None	None	Director COMM	Rooster/ waste management reports
	Access to Sustainable Basic Services	Electricity	To ensure provision of electricity services	# of HH with access to electricity	Number	56905 HH accessed electricity	56 905	Operational	57 013	Target Over Achieved	None	None	Director TECH	Electricity/ Finance reports
	Improved Governance and Organisational Excellence	Legal	To monitor the reviewal of by laws and policies within a financial year	# of By laws reviewed within the financial year	Number	0	28 policies and 5 of By laws reviewed by 30 June 2019	Operational	28 Policies reviewed	Target Achieved	None	None	Director: PLAN	Council approved policies and By-laws (Council Resolution)
	Improved Governance and Organisational Excellence	Legal	To monitor the reviewal of by laws and policies within a financial year	# of by laws promulgated within the financial year	Number	1	5 of By laws promulgated/ by laws due for promulgation by 30 June 2019	Operational	No by laws warranted promulgation	No by laws warranted promulgation	N/A	N/A	Municipal Manager	By laws promulgated
	Access to Sustainable Basic Services	Electricity	To ensure reduction of electricity losses within a financial year	% of electricity losses reduced	Percentage	51%	25 % of electricity losses reduced : # of electricity lossed / % of electricity supplied	Operational	11% of electricity losses incurred	Target Achieved	None	None	CFO	Electricity/ Finance reports



Head Office	Access to Sustainable Basic Services	Infrastructure	To monitor the development and MIG implementation plan within a financial year	Development of MIG implementation Plan	Date	30-Jul-17	Approved MIG Implementation Plan by 30 June 2018	Operational	Approved MIG Implementation Plan	Target Achieved	None	None	Director TECH	Approved MIG Implementation Plan Council Resolution
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Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/2019)	Budget 2018/19	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence requires
<b>KPA 3 : LOCAL ECONOMIC DEVELOPMENT</b>														
<b>KEY PERFORMANCE INDICATORS</b>														
<b>OUTCOME 9: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME</b>														
	Improved Governance and Organisational Excellence	Improved local economy	To ensure Promotion of local economy within the financial year	# of jobs created through municipal funded Capital Projects	Number	935 jobs created	600	Operational	302	Target Achieved	None	None	Director TECH	Proof for jobs created
	Improved Governance and Organisational Excellence	Improved local economy	To ensure Promotion of local economy within the financial year	# of SMME supported through Supply Chain Management	Number	232 SMME s supported	120	Operational	559	Target Achieved	None	None	CFO	Proof for SMME s supported
	Integrated Sustainable Development	Improved local economy	To ensure Promotion of local economy within the financial year	# of EPWP reports compiled and submitted to Council	Number	12 EPWP reports generated	12	Operational	12	Target Achieved	None	None	Director TECH	EPWP reports
	Integrated Sustainable Development	Improved local economy	To ensure Coordination of Agriculture forums within the financial year	# of Agriculture Forums coordinated	Number	4 Agriculture forums coordinated	4	Operational	4	Target Achieved	None	None	Director PLAN	Agenda, Minutes & Attendance register
	Integrated Sustainable Development	Marketing/ Branding	To Market municipal initiatives within the financial year	# of Marketing initiatives conducted	Number	2 Marketing initiatives conducted	2 Marketing initiatives conducted	Operational	2 Marketing Initiatives conducted on 24-28 April 2019- rand Easter Show and 13-15 June 2019- Modjadji Shiw	Target Achieved	None		Director PLAN	proof for marketing initiated

Vote Nr	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / Status	Annual Target (30/06/19)	Budget 2018/2019	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence required
<b>KPA 4 MUNICIPAL FINANCIAL VIABILITY</b> <b>KEY PERFORMANCE INDICATORS</b> <b>OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY</b>														
	Sustainable Financial Institution	Revenue	To ensure improvement in revenue collection within the financial year	% of revenue collected within the financial year	Percentage (Revenue billed for the year)	61%		Operational	59% R4 274 938,63 / R7 200 400,28 Revenue Collection from April - Jun 2019	Target not achieved	Illegal connection of electricity	Conduct Indigent support programme and implement the credit control policy	CFO	Financial reports
	Sustainable Financial Institution	Revenue	To monitor debt collections within a financial year	% in debts collected within the financial year	Percentage (Debtors)	61%	% in debt collected (# of debt collected/	Operational	29% debt collected under review	Target not Achieved	Consumers not paying for debts	Written letters to be written for recovery	CFO	Financial reports
	Sustainable Financial Institution	Revenue	To monitor the implementation of municipal services within a financial year	# of data cleansing performed (Meter services) within the financial year	Number	4 data cleansing performed (meter services quarterly)	4	Operational	4	Target Achieved	None	None	CFO	Financial reports
	Sustainable Financial Institution	Expenditure Management	Provision of free basic services within the financial year	# of HH receiving free basic services within the financial year	Number	1501	1500	Operational	1705	Target Achieved	None	None		Updated Indigent register

	Sustainable Financial Institution	Budget and Reporting	To ensure that quarterly financial statements are prepared within 14 days after the end of each quarter.	# of quarterly financial statements submitted to Provincial Treasury	Number	4	4	Operational	4	Target Achieved	None	None	CFO	Dated proof of submission Financial Statements
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Budget within the financial year	Date	29-Mar-17	Approval of Final 2018/19 Budget by Council on 31 March 2019	Operational	Approval of Final 2018/19 Budget by Council on 29 May 2019	Target Achieved	None	None	CFO	Council approved Draft Budget, Council Resolution
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Budget policies	Date	21 policies approved	Approval of 21 budget related policies by Council on 31 March 2019	Operational	Approval of 21 budget related policies by Council on 30 March 2019	Target Achieved	None	None	CFO	Council Approved Budget related policies, Council Resolution
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Adjustment budget by 28 February each year	Date	28-Feb-18	Approval of 2018/19 Adjustment budget in Council by 28 February 2019	Operational	Approval of 2018/19 Adjustment budget in Council by 28 February 2019	Target Achieved	None	None	CFO	Council approved adjustment budget, Council Resolution

	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Submit Unaudited annual financial statements by 31 August each year	Date	31-Aug-17	Submission of Unaudited Financial Statements by 31 August 2018	Operational	Submission of Unaudited Financial Statements by 31 August 2018	Target Achieved	None	None	CFO	Dated proof of submission of Unaudited AFS
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	# of Regulation 32 Register developed and updated	Number	12	Regulation 32 register developed and updated by 30 June 2018.	Operational	12	Target Achieved	None	None	CFO	Dated proof of Sec 32 register
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Finance by-laws within the financial year	Date	Not approved	Approval of 4 Finance by-laws by 31 May 2018.	Operational	Finance by laws not approved	Target not achieved	Finance by laws not developed due to insufficient budget	the by laws will be developed in house by the Policy review committee	CFO	Council approved finance by laws, Council Resolution
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	# of Finance compliance report submitted to Treasuries & CoGHSTA	Number	12	Finance compliance report submitted	Operational	12	Target Achieved	None	None	CFO	Financial reports
	Sustainable Financial Institution	Budget and Reporting	To ensure compliance with legislation within the financial year	Submit monthly Sec 71 reports to Provincial treasury within 10 working days	Date	Sec 71 reports submitted to Provincial Treasury within 10 working days	Submission of monthly Sec 71 reports to Provincial treasury within 10 working days by 30 June 2019	Operational	Within 10 working days	Target Achieved	None	None	CFO	Dated proof of submission

	Sustainable Financial Institution	Supply Chain Management	To Improve financial viability within the financial year	Appoint Supply Chain Committees	Date	SCM structures appointed by 30 June 2017	Appointment of Supply Chain Structures (Bid Specifications, Bid Evaluation and Bid Adjudication Committees) by 31 July 2018.	Operational	Appointment of Supply Chain Structures (Bid Specifications, Bid Evaluation and Bid Adjudication Committees) by 31 July 2018.	Target Achieved	None	None	Municipal Manager	Appointment Letters
	Sustainable Financial Institution	Supply Chain Management	To ensure payment of service providers within 30 days of the submission of invoices.	% invoices paid within 30 days of receipt from the service providers	Percentage	Payment of invoices within 30 days of receipt from the service provider	Payment of invoices within 30 days of receipt from the service provider	Operational	Invoices paid within 30 days of receipt from the service provider	Target Achieved	None	None	CFO	Dated proof of payment
	Sustainable Financial Institution	Assets Management	To ensure compliance with legislation within the financial year	# Assets verifications conducted in line with GRAP standards	Number	2	2	Operational	2	Target Achieved	None	None	CFO	Quarterly Assets verification reports
	Sustainable Financial Institution	MIG	To effectively manage the financial affairs of the municipality within the financial year	% of PMU Management budget spent as approved by Council within the financial year	Percentage ( Budget spent/Budgeted)	100%	100% R 2 823 000 PMU Management Budget spent	Capital	100% R 2 823 000 PMU Management Budget spent	Target Achieved	None	None	TECH	Financial reports

	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% capital budget spent as approved by Council within the financial year	Percentage	94%	100% R 116 834 318 Capital Budget spent	Capital	56% R61 834 895 Capital Budget spent	Target not achieved	over committed projects	Finalise the current projects in the next financial year	CFO	Financial reports
	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% Operational and maintenance budget spent as approved by Council within the financial year	Percentage	94%	100% R 275 463 476,00 Operational Budget spent	Operational	100% R 275 463 476 Operational Budget spent	Target Achieved	limited budget	Finalise the current projects in the next financial year	CFO	Financial reports
	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% MIG budget spent as approved by Council within the financial year	Percentage	100%	100% R 73 637 000 MIG expenditure	Capital	100% R 73 637 000 MIG expenditure	Target Achieved	None	None	TECH	Financial reports
Sustainable Financial Institution	Expenditure Management	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% INEP Budget spent as approved by Council within financial year	Percentage	100%	100% R 5 983 000 INEP expenditure	Capital	100% R 5 983 000 INEP expenditure	Target Achieved	None	None	TECH	Financial reports
	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% FMG budget spent as approved by Council within the financial year	Percentage	100% FMG expenditure	100% R 2 145 000 FMG expenditure	Operational	100% R 2 145 000 FMG Expenditure	Target Achieved	None	None	CFO	Financial reports

	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% EPWP budget spent as approved by Council within the financial year	Percentage	100%	100% R 1 521 000 EPWP expenditure	Operational	100% R 1 521 000 EPWP expenditure	Target Achieved	None	None	TECH	Financial reports
	Sustainable Financial Institution	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% FBS budget spent as approved by Council within the financial year	Percentage	147%	100% R 1 046 140,88 FBS expenditure	Operational	100% R 1 046 140,88 FBS expenditure	Target not achieved	Few consumers registering for indigent support	Conduct Indigent support programme	CFO	Financial reports



Vote Nr	Strategic Objective	Programmes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline	Annual Target (30/06/2019)	Budget 2018/2019	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Responsible Person	Evidence required
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**KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**KEY PERFORMANCE INDICATORS**

**OUTCOME 9 (OUTPUT 5: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL, OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY)**

	Improved Governance and Organisational Excellence	Council	To ensure functionality of Council committee within the financial year.	# of Council Meetings held within the financial year	Number	11(4 ordinary & 7 special)	4	Operational	11	Target Achieved	None	None	Director Corp	Agenda, Minutes & attendance register
	Improved Governance and Organisational Excellence	Council	To ensure functionality of EXCO committee within the financial year.	# of EXCO meetings held within the financial year	Number	13(4 ordinary & 9 special)	4	Operational	12	Target Achieved	None	None	Director Corp	Agenda, Minutes & attendance register
	Improved Governance and Organisational Excellence	Committees	To ensure functionality of Council committee within the financial year.	# of Ward Committee reports submitted to Office of the Speaker	Number	300 Ward Committee reports submitted	360	Operational	360	Target Achieved	None	None	Manager (Mayors Office)	Agenda, Minutes & attendance register
	Improved Governance and Organisational Excellence	Committees	To ensure functionality of Council within the financial year	# of MPAC meetings held within the financial year	Number	16 MPAC meetings held	12	Operational	11	Target Achieved	None	None	Municipal Manager	Agenda, Minutes & attendance register
	Improved Governance and Organisational Excellence	Human Resource management	To ensure functionality of Council within the financial year	# of LLF meetings held within the financial year	Number	8 LLF meetings held	12	Operational	14	Target Achieved	None	None	Director Corp	Agenda, Minutes & attendance register

	Improved Governance and Organisational Excellence	Labour Relations	To ensure functionality of Municipality within the financial year	% in implementation of LLF resolutions within the financial year	Percentage (# of resolutions taken/ # of resolutions implemented ).	90%	100%	Operational	100%	Target Achieved	None	None	Director Corp	Updated Resolutions register
	Improved Governance and Organisational Excellence	Public Participation	To ensure public involvement in the IDP review	# of IDP/Budget/ PMS REP Forum meetings held within the financial year	Number	5 IDP/Budget/PMS REP Forum meetings held	5	Operational	5	Target Achieved	None	None	Director PLAN	Agenda & Attendance register
	Improved Governance and Organisational Excellence	Public Participation	To ensure public involvement in the IDP review within a financial year	# of IDP/Budget/ PMS Steering Committee meetings within the financial year	Number	5 IDP/Budget/PMS Steering Committee meetings held	5	Operational	5	Target Achieved	None	None	Director PLAN	Agenda & Attendance register
	Improved Governance and Organisational Excellence	Public Participation	To promote accountability within the municipality	% of complaints resolved	Percentage (# of resolutions taken/ # of resolutions implemented ).	1	100% of complaints resolved ( # of complaints received / # of complaints attended )	Operational	100%	Target Achieved	None	None	Director Corps	Updated Complaints Management Register
	Improved Governance and Organisational Excellence	Public Participation	To ensure public involvement in Mayoral Imbizo 's within a financial year	# of quarterly Community feedback meetings held within a financial	Number	4 Mayoral Imbizo held	4	Operational	5	Target Achieved	None	None	Manager (Mayors Office)	Agenda & Attendance register

	Improved Governance and Organisational Excellence	Committees	To ensure functionality of Audit committee within a financial year	# of Audit Committee meetings held within the financial year	Number (Accumulative)	5 Audit Committee meetings held	4	Operational	5	Target Achieved	None	None	Municipal Manager	Agenda, Minutes & Attendance register
	Improved Governance and Organisational Excellence	Committees	To ensure functionality of Audit committee within a financial year	% of Audit and Performance Audit Committees resolutions implemented within the financial year	Percentage	1	100% of Audit and Performance Audit Committee resolutions implemented	Operational	70%	Target not Achieved			Municipal Manager	Audit Committee resolutions register
	Improved Governance and Organisational Excellence	Risk	To ensure functionality of Risk committee within the financial year.	Council approved Fraud and Anti Corruption strategy	Number	Fraud & Anti Corruption Strategy approved by council	Approved Fraud and Anti Corruption strategy	Operational	Approved Fraud and Anti Corruption strategy	Target Achieved	None	None	Municipal Manager	Approved Fraud and Anti Corruption strategy
	Improved Governance and Organisational Excellence	Legal	To monitor response in terms of the fraud and corruption cases registered	# of Fraud and Corruption cases investigated	Number( # of cases registered / # of cases investigated within a financial year	no cases reported in	# of Fraud and Corruption cases investigated : # of cases registered / # of cases investigated yearly	Operational	No Fraud & Corruption cases reported	N/A	N/A	None	Director Corps	Updated Fraud and Corruption case register

**FOR EXPENDITURE AND SERVICE DELIVERY /CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR**
**MUNICIPAL TRANSFORMATION**

Region	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Evidence required
Head office	Improved Governance and Organisational Excellence	Property Services	To Purchase Office Furniture by 30 June 2019	Office Furniture	2018/07/01	2019/06/30	Director Corps	GLM	1 300 000	2 106 838	Office Furniture purchased and delivered	Office Furniture purchased and delivered	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Information Technology	To Purchase and Install Records management and archiving system by 30 June 2019	Records Management and Archiving system	2018/07/01	2019/06/30	Director Corps	GLM	800 000	800 000	Records management and Archiving system purchase and installed	Records management and Archiving system procured	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Information Technology	To purchase 50* Laptops and 10 * Desktops by 30 June 2019	Laptops (50) Desktop (10)	2018/07/01	2019/06/30	Director Corps	GLM	180 000	1 336 827	50 Laptops and 10* Desktops purchased and delivered	50 Laptops and 10 Desktops purchased and delivered	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Property Services	To purchase 4 Slip printers for sub offices by 30 June 2019	Slip Printes (Sub Offices)	2018/07/01	2019/06/30	Director Corps	GLM	16 000	16 000	4 Slip Printers purchased and delivered	4 Slip Printers purchased and delivered	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Information Technology	To purchase and install ICT call system software by 30 June 2019	ICT Call Syste	2018/07/01	2019/06/30	Director Corps	GLM	250 000	250 000	ICT Call System Software purchased and installed	ICT Call System Software purchased and installed	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Property Services	To Purchased and Deliver 3 Bakkies for sub offices by 30 June 2019	3 Bakkies Sub Offices	2018/07/01	2019/06/30	Director Corps	GLM	600 000	600 000	3 Bakkies for 3 sub offices purchased and delivered	3 Bakkies for 3 sub offices purchased and delivered	Target Achieved	None	None	Delivery note/GRN and payment certificate

Annual

## MUNICIPAL TRANSFORMATION AND DEVELOPMENT

Region	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Evidence required
Head office	Improved Governance and Organisational Excellence	Property Services	To purchase and deliver 3 Steel cabinets for sub offices by 30 June 2019	Steel cabinets (4) (Sub offices)	2018/07/01	2019/06/30	Director Corps	GLM	10 000	10 000	4 Steel cabinets for sub offices purchased and delivered	4 Steel cabinets for sub offices purchased and delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificate
Head office	Improved Governance and Organisational Excellence	Property Services	To purchase and Install 3 Air Conditioners at Ga-Kgapane Sub Office by 30 June 2019	3 Air Conditioners at Ga-Kgapane Licensing Office	2018/07/01	2019/06/30	Director Corps	GLM	150 000	150 000	3 Air Conditioners purchased and delivered	3 Air Conditioners purchased and delivered	Target Achieved	None	None	Payment Certificate and delivery note/GRN
	Improved Governance and Organisational Excellence	Property Services	To purchase and erect counter and security burglar for registry by 30 June 2019	Counter and security burglar(registry)	2018/07/01	2019/06/30	Director Corps	GLM	15 000	15 000	Counter and security burglar Slip printers purchased and delivered	Counter and security burglar Slip printers purchased and delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificate
Head office	Improved Governance and Organisational Excellence	Property Services	To erect Sliding steel gate at Kgapane sub-office by 30 June 2019	Sliding steel gate (Kgapane sub-office)	2018/07/01	2019/06/30	Director Corps	GLM	20 000	20 000	Sliding steel gate at Kgapane sub office purchased and erected	Sliding steel gate at Kgapane sub office purchased and erected	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisational Excellence	Property Services	To erect steel fence at Senwamokgope by 30 June 2019	Steel Fence (Senwamokgope)	2018/07/01	2019/06/30	Director Corps	GLM	200 000	200 000	Steel Fence at Senwamokgope purchased and erected	Steel Fence at Senwamokgope purchased and erected	Target Achieved	None	None	Payment Certificate and delivery note/GRN

**2018/19 WARD INFORMATION FOR EXPENDITURE AND SERVICE DELIVERY /CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR**
**BASIC SERVICE DELIVERY**

Region/ Ward	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challenges	Corrective Measures	Evidence required
6	Access to Sustainable Basic Services	Libraries & Archives	To Construct a Library at Shotong by 30 June 2019.	Shotong Library-Multi-year	2018/07/01	2019/06/30	Director Tech	GLM	1 118 446	1 118 446	Project completion	Project Completed	Target Achieved	None	None	Progress report and Completion certificates
5	Access to Sustainable Basic Services	Community Halls & Facilities	To Design a community hall at Ward 5 by 30 June 2019	Ward 5 Community Hall (Planning)	2018/07/01	2019/06/30	Director Tech	GLM	600 000	600 000	Approved design report	Designs approved	Target Achieved	None	None	Payment certifiacte and approved design report
3	Access to Sustainable Basic Services	Community Facilities	To Establish new Cemetery at Ga-Kgapane 30 June 2019	Ga-Kgapane new cemetery establishment	2018/07/01	2019/06/30	Director Tech	GLM	400 000	400 000	Approved design report	Designs approved	Target Achieved	None	None	Approved Design Report
Head Office	Access to Sustainable Basic Services	Electricity	To purchase and deliver 2 Streetlight cherry picker by 30 June 2019.	Streetlight Cherry Picker (2)	2018/07/01	2019/06/30	Director Tech	GLM	1 200 000	1 000 000	2 Streetlight cherry pickers purchased & delivered	2 Streetlight cherry pickers not purchased	Target not Achieved	Unsuufficient budget	Budgeted for under 2019/20fy	Delivery note/GRN and Payment Certificates
Head Office	Access to Sustainable Basic Services	Electricity	To erect and ernergise 7x Highmast Lights in Jamela, Jokong, Maphalle, Shawela, Ramaroka, Block 18 and Polaseng by 30 June 2019	Highmast in Maphalle, Shawela, Ramaroka, Block 18 and Polaseng	2018/07/01	2019/06/30	Dirctor Tech	GLM	3 000 000	3 000 000	Project commencement	Project commenced	Target Achieved	None	None	Appointment letter and Progress report
27	Access to Sustainable Basic Services	Sports & Recreation	To construct Sports Complex in Mamanyowa by 30 June 2019	Mamanyoha Sports Complex	2018/07/01	2019/06/30	Director Tech	GLM	13 050 771	13 050 771	Mamanyoha Sports Complex practical completion	Project behind schedule due to under-performance by Contractor	Target not achieved	Letter of intention to terminate the contract issued to the Contractor	To complete the project in 2019/20 FY	Progress repor and practical Completion certificate
16	Access to Sustainable Basic Services	Sports & Recreation	To construct Sports Complex in Rotterdam by 30 June 2020	Rotterdam Sports Complex	2018/07/01	2019/06/30	Director Tech	GLM	11 884 802	15 350 617	Construction	Construction	Target Achieved	None	None	Progress report and Practical completion certificate
All Wards	Access to Sustainable Basic Services	Waste Management	To supply and delivery Skip Bins by 30 June 2019	Skip Bins (30)	2018/07/01	2019/06/30	Director Comm	GLM	1 440 000	1 440 000	30 Skip bins purchased and delivered	30 Skip bins purchased and delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificates
All Wards	Access to Sustainable Basic Services	Waste Management	To supply and delivery Trolley Bins by 30 June 2019	Trolley Bins (20)	2018/07/01	2019/06/30	Director Comm	GLM	200 000	200 000	20 Trolley Bins purchased and delivered	20 Trolley Bins purchased and delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificates
All Wards	Access to Sustainable Basic Services	Waste Management	To supply and delivery Grass cutting machines Bins by 30 June 2019	Grass cutting machines (16)	2018/07/01	2019/06/30	Director Comm	GLM	400 000	400 000	16 Grass cutting machines purchased and delivered	16 Grass cutting machines purchased and delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificates
All Wards	Access to Sustainable Basic Services	Waste Management	To supply and delivery Refuse Compactor Truck by 30 June 2019	Refuse Compactor Truck	2018/07/01	2019/06/30	Director Comm	GLM	1 500 000	2 200 000	Appointment of service provider and Refuse Compactor purchased and delivered	Refuse Compactor purchased & delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificates
All Wards	Access to Sustainable Basic Services	Roads & Stormwater	To supply and delivery TLB by 30 June 2019	TLB (1)	2018/07/01	2019/06/30	Director Tech	GLM	900 000	900 000	Appointment of service provider and TLB purchased and delivered	TLB purchased & delivered	Target Achieved	None	None	Delivery note/GRN and Payment Certificates
3	Access to Sustainable Basic Services	Roads & Stormwater	To construct Storm water Channels in Ga-Kgapane by 30 June 2019	Ga-Kgapane Storm water Channels	2018/07/01	2019/06/30	Director Tech	GLM	1 900 000	2 700 000	construction and project completion	Project completion	Target Achieved	None	None	Progress report and Completion certificate
	Access to Sustainable Basic Services	Roads & Stormwater	To construct Low level bridges by 30 June 2019	Low level Bridges	2018/07/01	2019/06/30	Director Tech	GLM	3 764 654	3 764 654	Appointment of service provider and project commencement	Service provider not appointed	Target not Achieved	insufficient budget	The low level bridges to be re advertised	Progress report, Payment Certificate
	Access to Sustainable Basic Services	Roads & Stormwater	To supply and delivery 1x Grader by 30 June 2019	X Grader	2018/07/01	2019/06/30	Director Tech	GLM	2 500 000	5 250 000	Grader purchased	1X Grader purchased delivered	Target Achieved	None	None	Proof of Purchase/GRN

All Wards	Access to Sustainable Basic Services	Water & Sanitation	To supply and delivery 1x Sunction Tanker by 30 June 2019	1 X Sunction Tanker	2018/07/01	2019/06/30	Director COMM	GLM	1 400 000	1 200 000	Sunction Tanker purchased	Sunction Tanker purchased & delivered	Target Achieved	None	None	Proof of Purchase/GRN
All Wards	Access to Sustainable Basic Services	Water & Sanitation	To supply and delivery 1x Water Tanker by 30 June 2019	1X Water Tanker	2018/07/01	2019/06/30	Director Tech	GLM	1 200 000	1 200 000	Water tanker purchased	Water tanker not purchased	Target not achieved	insufficient budget	To be procured in the 2019/20fy	Proof of Purchase/GRN
All Wards	Access to Sustainable Basic Services	Roads & Storm water	To supply and delivery 1x Quarter Canopy Truck by 30 June 2019	1X quarter canopy truck	2018/07/01	2019/06/30	Director Tech	GLM	400 000	400 000	1 Ton quarter Canopy Truck purchased	1 Ton quarter Canopy Truck not purchased	Target not achieved	insufficient budget	To be procured in the 2019/20fy	Proof of Purchase/GRN
All Wards	Access to Sustainable Basic Services	Roads & Storm water	To supply and delivery 1x Pedestrian Roller by 30 June 2019	1X Pedestrian roller	2018/07/01	2019/06/30	Director Tech	GLM	250 000	360 000	1 Pedestrian roller purchased	1 Pedestrian roller purchased	Target Achieved	None	None	Proof of Purchase/GRN
All Wards	Access to Sustainable Basic Services	Roads & Storm water	To supply and delivery 1x Bakkie for Workshop by 30 June 2019	1X Bakkie Workshop	2018/07/01	2019/06/30	Director Tech	GLM	500 000	500 000	4*4 Bakkie purchased	4*4 Bakkie purchased	Target not achieved	insufficient budget	To be procured in the 2019/20fy	Proof of Purchase/GRN
Head Office	Access to Sustainable Basic Services	Property Services	To construct a fence in Modjajdiskloof Municipal Workshop by 30 June 2019	Fencing of Municipal Workshop	2018/07/01	2019/06/30	Director Tech	GLM	700 000	700 000	Fencing of Municipal Workshop completed	Service provider appointed and project commenced	Target not achieved	insufficient budget	To be procured in the 2019/20fy	Progress report and Completion certificates
29	Access to Sustainable Basic Services	Roads & Stormwater	To rehabilitate streets in Modjajdiskloof by 30 June 2019	Rehabilitation of Modjajdiskloof Streets	2018/07/01	2019/06/30	Director Tech	GLM	1 700 000	350 000	Tender Advertisement for Construction	Tender not advertised for construction	Target not achieved	insufficient budget	To advertised in the 2019 FY	Appointment letters and Approved Design Report
4	Access to Sustainable Basic Services	Roads & Stormwater	To rehabilitate streets in Ga-Kgapane by 30 June 2019	Rehabilitation of Ga-Kgapane streets (P2)	2018/07/01	2019/06/30	Director Tech	GLM	1 200 000	1 200 000	Project commencement	Tender re advertised	Target not achieved	Contractor surrendered the project	Re advertised in the new financial year	Appointment letter, progress report
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Itieleng Sekgosese by 30 June 2019	Itieleng-Sekgosese street paving	2018/07/01	2019/06/30	Director Tech	GLM	800 000	200 000	Appointment of service provider and project commencement	Service provider not appointed	Target not achieved	Adjudication not finalised	Appoint in the 1st Quarter of 2019/20 financial year	Approved Design Report, Appointment letter and Progress Report
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Rasewana and Lenokwe by 30 June 2019	Rasewana and Lenokwe (Designs)	2018/07/01	2019/06/30	Director Tech	GLM	500 000	962 961	Tender Advertisement for Construction	Tender Advertisement for Construction	Target Achieved	None	None	Appointment letter, Approved Design Report & Tender advert for Construction
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Lemondokop by 30 June 2019	Lemondokop street paving paving	2018/07/01	2019/06/30	Director Tech	GLM	800 000	200 000	Approved design report	Approved design report	Target Achieved	None	None	Payment certificate and approved design report
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Modjadji Ivory Route by 30 June 2019	Modjadji Ivory street paving paving	2018/07/01	2019/06/30	Director Tech	GLM	6 000 000	6 152 456	Project Completed	Project Completed	Target Achieved	None	None	Progress report and Completion Certificates
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Makhutukwe by 30 June 2019	Makhutukwe Street Paving (designs)	2018/07/01	2019/06/30	Director Tech	GLM	400 000	400 000	Preliminary Design Report	Preliminary Design Report	Target Achieved	None	None	Appointment letter and Preliminary designs
	Access to Sustainable Basic Services	Roads & Stormwater	To Design a street in Mokwasele by 30 June 2019	Mokwasele cemetery paving	2018/07/01	2019/06/30	Director Tech	GLM	600 000	200 000	Payment certificate and approved design report	Payment certificate and approved design report	Target Achieved	None	None	Preliminary designs , Payment certificate
	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Moshakga by 30 June 2019	Moshakga street paving -Multi-year	2018/07/01	2019/06/30	Director Tech	GLM	600 000	10 256 126	Practical completion	Practical completion	Target Achieved	None	None	Appointment letter and Progress Report
	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Manningburg by 30 June 2019	Manningburg street paving (Designs & Construction)-Multi-year	2018/07/01	2019/06/30	Director Tech	GLM	7 000 000	7 000 000	Appointment of service provider and project commencement	Appointment of service provider and project commencement	Target Achieved	None	None	Payment Certificate, Progress report , Completion Certificates
	Access to Sustainable Basic Services	Traffic & Licensing	To Design a Sports Facility in Modjajdiskloof by 30 June 2019	Ostacles 60 (poles & pedestals) Modjajdiskloof DLTC	2018/07/01	2019/06/30	Director Comm	GLM	150 000	100 000	60 Obstacles (poles & pedestals) purchased and delivered	60 Obstacles (poles & pedestals) purchased and delivered	Target Achieved	None	None	Payment Certificate, Delivery note/GRN
	Access to Sustainable Basic Services	Property Services	To Design a Sports Facility in Modjajdiskloof by 30 June 2019	Office Safe & Brick safe	2018/07/01	2019/06/30	Director Comm	GLM	50 000	50 000	Project for erection of Office Safe & Brick safe completed	Project for erection of Office Safe & Brick safe completed	Target Achieved	None	None	Payment Certificate, Progress report

	Access to Sustainable Basic Services	Property Services	To Design a Sports Facility in Modjadiskloof by 30 June 2019	Visitors Firearm Storage safes	2018/07/01	2019/06/30	Director Comm	GLM	6 000	6 000	Visitors Firearm Storage safes in Modjadiskloof purchased and installed	Visitors Firearm Storage safes in Modjadiskloof purchased and installed	Target Achieved	None	None	Payment Certificate, Delivery note/GRN
29	Access to Sustainable Basic Services	Electricity	To install prepaid meters in Mokgoba by 30 June 2019	Prepaid Meters in Mokgoba Village	2018/07/01	2019/06/30	Director Tech	GLM	500 000	3 000 000	Project commencement	Project commencement	Target Achieved	None	None	Appointment letter and Progress report
29	Access to Sustainable Basic Services	Electricity	To install prepaid meters in Modjadiskloof by 30 June 2019	Split metering in Modjadiskloof	2018/06/01	2019/06/30	Director Tech	GLM	1 176 351	3 876 352	Project completed	Project Completed	Target Achieved	None	None	Appointment letter and Completion certificate
All	Access to Sustainable Basic Services	Electricity	To upgrade the electricity to NERSA standards in Modjadiskloof by 30 June 2019	Upgrade of Electricity to NERSA Standards- NERSA Compliance (Multi-year)	2018/07/01	2019/06/30	Director Tech	GLM	924 760	2 524 760	Practical Completion	Practical Completion	Target Achieved	None	None	Progress report and Practical completion certificate
	Access to Sustainable Basic Services	Electricity	To refurbish LV line in Modjadiskloof by 30 June 2019	Refurbishment of LV Network (Multi-year)	2018/07/01	2019/06/30	Director Tech	GLM	3 800 000	3 800 000	Project commencement	Project to be re-advertised	Target not achieved	insufficient budget	To be procured in the 2019/20fy	Appointment letter and Progress report
All	Access to Sustainable Basic Services	Electricity	To re-route Christina Rest HV line in Modjadiskloof by 30 June 2019	Re-routing of Christina Rest HV line (multi-year)	2018/07/01	2019/06/30	Director Tech	GLM	1 400 000	1 400 000	Project commencement	Project commencement	Target Achieved	None	None	Appointment letter and Progress report
Head Offi	Access to Sustainable Basic Services	Electricity	To supply and deliver 315 KVA pole transformer by 30 June 2019	315 KVA pole Transformer	2018/07/01	2019/06/30	Director Tech	GLM	200 000	200 000	315 KVA Transformer purchased and delivered	315 KVA Transformer purchased and delivered	Target Achieved	None	None	Payment Certificate and delivery note/GRN
Head Offi	Access to Sustainable Basic Services	Electricity	To electrify households in 7 villages by 30 June 2019	Household connection in 7 villages	2018/07/01	2019/06/30	Director Tech	GLM	5 983 000	5 983 000	Project completed	Project practically complete	Target Achieved	None	None	Progress report and completion certificate
3	Access to Sustainable Basic Services	Sports & Recreation	To construct Kgapan Stadium by 30 June 2019	Kgapan Stadium Phase 3 (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG / GLM	11 001 978	11 132 580	Construction	Construction	Target Achieved	None	None	Progress report
10	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Sekgopo-Moshate by 30 June 2019	Upgrading of streets- Sekgopo Moshate (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG / GLM	5 283 210	6 052 992	Project completed	Project completed	Target Achieved	None	None	Completion certificate
8	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Mamphakhathi by 30 June 2019	Upgrading of streets- Mamphakhathi (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG / GLM	7 450 000	9 161 451	Project completed	Project completed	Target Achieved	None	None	Completion certificate
4	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Las Vegas by 30 June 2019	Las Vegas Street paving (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG/ GLM	4 987 800	6 897 262	Project completed	Project completed	Target Achieved	None	None	Completion certificate
20	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Ditshosing by 30 June 2019	Upgrading of streets- Ditshosing (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG/GLM	5 503 600	6 242 605	Project completed	Project completed	Target Achieved	None	None	Completion certificate
24	Access to Sustainable Basic Services	Roads & Stormwater	To construct a street in Ga-Ntata by 30 June 2019	Upgrading of streets -Ga-Ntata (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG/GLM	5 401 000	6 120 575	Project completed	Project completed	Target Achieved	None	None	Completion certificate
12	Access to Sustainable Basic Services	Sports & Recreation	To construct a street in Thakgalane by 30 June 2019	Thakgalane Sports Complex Ph1	2018/07/01	2019/06/30	Director Tech	MIG	5 593 206	8 418 142	Practical Completion of Thakgalane Sports Complex Ph1	Construction in progress	Target Achieved	Project implemented on multi-year approach	None	Appointment letter, progress report and practical completion
16	Access to Sustainable Basic Services	Sports & Recreation	To construct a Sport Complex in Rotterdam by 30 June 2019	Rotterdam Sports Complex Ph3 (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG	11 884 803	14 884 803	Construction	Construction	Target Achieved	None	None	Progress report
	Access to Sustainable Basic Services	Sports & Recreation	To construct a Sport Complex in Madumeleng/ Shotong by 30 June 2019	Madumeleng/shotong Sports Complex Ph1	2018/07/01	2019/06/30	Director Tech	GLM	5 593 206	2 448 969	Practical Completion of Thakgalane Sports Complex Ph1	Construction	Target Achieved	None	None	Appointment letter, progress report and practical completion
	Access to Sustainable Basic Services	Roads & Stormwater	To design a Street in Jokong by 30 June 2019	Jokong Street Paving Ph1 (Multi-year)	2018/07/01	2019/06/30	Director Tech	MIG	2 823 000	15 095 155	Project Commencement	Project Commencement	Target Achieved	None	None	Appointment letters and progress reports



2018/19 WARD INFORMATION FOR EXPENDITURE AND SERVICE DELIVERY /CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR																
LOCAL ECONOMIC DEVELOPMENT																
Region	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Difference/Movement	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challenges	Evidence required
NO PROJECT FOR 2018/19 FINANCIAL YEAR																

# ATION FOR EXPENDITURE AND SERVICE DELIVERY /CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

## MUNICIPAL FINANCE VIABILITY

Region/Wa	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Orginal Budget	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challeng es	4th Q Target	Evidence required
Head office	Improved Governance and Organisationa l Excellence	Property Services	To purchase 4 Money note counters with detector for Finance and Traffic by 30 June 2019	Money note counter with detector X 4	2018/07/01	2019/06/30	CFO	GLM	50 000	50 000	4 Money note counters with detector purchased and delivered	4 Money note counters with detector purchased & delivered	Target achieved	None	None	Payment Certificate and delivery note
Head office	Improved Governance and Organisationa l Excellence	Property Services	To purchase 10 Steel cabinets for Finance by 30 June 2019	Steel Cabinets X 10	2018/07/01	2019/06/30	CFO	GLM	50 000	50 000	10 Steel Cabinets purchased and delivered	10 Steel Cabinets	Target achieved	None	None	Payment Certificate and delivery note
Head office	Improved Governance and Organisationa l Excellence	Information Technology	To purchase and Install Fleet Management system-Tracking device by 30 June 2019	Fleet Management system - Tracking device	2018/07/01	2019/06/30	CFO	GLM	400 000	600 000	2 Slip Printers for sub offices purchased and delivered	Develop Specificatio ns and submit to SCM	Target achieved	None	None	Payment Certificate and delivery note/GRN
Head office	Improved Governance and Organisationa l Excellence	Property Services	To refurbish the room for lubricants outside the warehouse by 30 June 2019	Refurbishmen t of room for lubricants outside the warehouse	2018/07/01	2019/06/30	CFO	GLM	100 000	200 000	Project for Refurbish ment of Rooms for lubricants outside the warehous e complete d	refurbish ment of Rooms for Lubricants Outside the Warehous e compleed	Target achieved	None	None	Payment Certificate, Progress report

EXPENDITURE AND SERVICE DELIVERY /CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR															
GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
Region	Strategic Objective	Program me	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target (30 June 2019)	Annual Actual Performance	Remarks	Challenges	Evidence required
Head office	Improved Governance and Organisational Excellence	Property Services	To purchase 4 Suggestion boxes by 30 June 2019	4 Suggestion boxes	2018/07/01	2019/06/30	Director Corps	GLM	15 000	15 000	4 Suggestion boxes purchased and delivered	4 Suggestion boxes purchased	Target Achieved	None	Payment Certificate and delivery note/GRN

No.	Directorate	Tender number	Project name	Name of Service provider	Source of funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of service provider
											Poor, Average, Satisfactory & Excellent
	SERVICE PROVIDER PERFORMANCE FOR 2018/2019 FINANCIAL YEAR										
1		GLM033/2017	Purchasing of Office Furniture	Phaphare Construction	GLM	01/07/2018	30/06/2019	1 931 047	Project Completed	None	Performance Satisfactory
2			Purchasing and Installation of Records Management and Archiving System		GLM	01/07/2018	30/06/2019		Project Completed	None	Performance Satisfactory
3		GLM005/2019	Purchasing and delivery of 55 Laptops	Phetole Technologies	GLM	01/07/2018	30/06/2019	1 336 827	Project Completed	None	Performance Satisfactory
6		GLM035/2019	Purchasing and Installation of ICT Call Systems Software	Burika ITC Solution (Pty) Ltd	GLM	01/07/2018	30/06/2019	746 992	Project Completed	None	Performance Satisfactory
7		GLM	Purchasing and delivery of 3* Bakkies	Thaba Morula Trading	GLM	01/07/2018	30/06/2019	900 000	Project Completed	None	Performance Satisfactory
8		GLM009/2019	Erection of Steel Palisade fence (Senwamokgope) Sub-office	Select Jeans (Pty) Ltd	GLM	01/07/2018	30/06/2019	195 000	Project Completed	None	Performance Satisfactory
9		GLM020/2016C	Complete Construction of Shotong Library	Faloes Trading Enterprise and Sekwai Construction JV	GLM	01/07/2018	30/06/2019	1 118 446	Project Completed	None	Performance Satisfactory
10		GLM015/2017C	Planning and designs of Ward 5 Community Hall	Lazwi Engineering 16cc1	GLM	01/07/2018	30/06/2019	300 000	designs approved	None	Performance Satisfactory
11		GLM048/2018	Establishment of Ga-Kgapane new cemetery	Jacques Du Toit and Associates	GLM	01/07/2018	30/06/2019	499 710	designs approved	None	Performance Satisfactory
12		GLM047/2019	Supply and Installation of Highmast lights/ Erection of & Energise 7 * Highmats lights in Jamela, Jokonmg, Maphalle, Shawela, Ramaroka, Block 18 and Polaseng	Rivisi Electrical Contractors	GLM	01/07/2018	30/06/2019	2 001 000	Project Completed	None	Performance Satisfactory
13		GLM019/2016C	Construction of Mamanyoha Sports complex	Valcross Trading Enterprise	GLM	01/07/2018	30/06/2019	40 890 500	Work in progress		Performance not Satisfactory
14		GLM020/2016C	Construction of Rotterdam Sports complex	Bagaphala Project Trading	GLM	01/07/2018	30/06/2019	32 867 353	Work in progress		Performance Satisfactory
15		GLM016/2019	Supply and delivery of 30* Skip Bins	Moon & Earth Trading and Projects	GLM	01/07/2018	30/06/2019	1 350 000	Project Completed	None	Performance Satisfactory
16		RFQ010/2019	Supply & delivery of 20*Trolley Bins	Mthunzi Cool Air Training and Projects	GLM	01/07/2018	30/06/2019	188 990	Project Completed	None	Performance Satisfactory

17	GLM042/20	Supply & delivery of 40*Grass Cutter Machines	Madlabeni	GLM	01/07/2018	30/06/2019	350 320	Project Completed	None	Performance Satisfactory
18	GLM017/2019	Supply & delivery of Refuse Compactor Truck	Zevoufusion (Pty) Ltd	GLM	01/07/2018	30/06/2019	2 479 688	Project Completed	None	Performance Satisfactory
19	GLM047/20	Supply & delivery of Backhore Loader TLB	Matemotsa	GLM	01/07/2018	30/06/2019	1 400 000	Project Completed	None	Performance Satisfactory
20	GLM006/20	Construction of Ga-Kgapane Storm Water Channels	Servient 123 JV Mathakgala Trading & Projects	GLM	01/07/2018	30/06/2019	2 183 356	Project Completed	None	Performance Satisfactory
21	GLM023/2019	Supply & delivery of 1* Motor Grader Six Wheel Drive	Thaba Morula Trading	GLM	01/07/2018	30/06/2019	3 157 625	Project Completed	None	Performance Satisfactory
22	GLM022/82019	Supply & delivery of Sunction Tanker	Todipjane Transport and Trading	GLM	01/07/2018	30/06/2019	1 231 486	Project Completed	None	Performance Satisfactory
23	GLM024/2019	Supply & delivery 1* Pedestrian Roller	Tshethami Trading and Projects	GLM	01/07/2018	30/06/2019	345 000	Project Completed	None	Performance Satisfactory
24	GLM006/2019	Planning, Design and supervision of Rasewana Lenokwe street paving	Nsuku Consulting Engineers	GLM	01/07/2018	30/06/2019	1 283 611	Project Completed	None	Performance Satisfactory
25	GLM005/2016	Planning, Design and supervision of Lemondokop street paving	Shaweni Consulting Engineers	GLM	01/07/2018	30/06/2019	400 000	designs approved	None	Performance Satisfactory
26	GLM	Constrduction of Modjadji Ivory Route Street paving	H & E Civil Engineering Contractors	GLM	01/07/2018	30/06/2019	9 133 977	Project Completed	None	Performance Satisfactory
27		planning, Design and Supervision of Mahuthukwe Cemetery paving			01/07/2018	30/06/2019		Preliminary designs report	None	Performance Satisfactory
28	GLM006/2017	planning, Design and Supervision of Mokwasele street paving	Hlayeleni Consulting Engineers	GLM	01/07/2018	30/06/2019	342 000	designs approved	None	Performance Satisfactory
29	GLM007/2017-PR	Construction of Moshakga street paving	Sheboneth Trading Enterprise	GLM	01/07/2018	30/06/2019	13 972 461	Project Completion	None	Performance Satisfactory

30	GLM007/20	Construction of Manning burg street paving	Lokolang Trading Project	GLM	01/07/2018	30/06/2019	11 344 294	Appointment of the Service Provider and Project Commencement	None	Performance Satisfactory
32	GLM001/2018	Supply & Installation of Split Metering in Modjadjiskloof	Miluwani Electrical & Housing Wiring CC	GLM	01/07/2018	30/06/2019		Project Completed	None	Performance Satisfactory
34	GLM049/2019	Re-routing of Christina Rest HV Line in Modjadjiskloof	Zevoufusion (Pty) Ltd	GLM	01/07/2018	30/06/2019	1 400 000	Project Commencement	None	Performance Satisfactory
36	GLM010/2018	Electrification of Households in 7 villages	Rivisi Electrical	GLM	01/07/2018	30/06/2019	5 767 797	Project practically complete	None	Performance Satisfactory
37	GLM085/20	Construction of Sekgopo Moshate street paving	Melrose JV Tshepiso Catering	MIG/GLM	01/07/2018	30/06/2019	14 333 147	Project completed	None	Performance Satisfactory
38	GLM009/2017C	Construction of Mamphakhathi street paving	Theuwedi Jv Mmanyana Aggy	MIG/GLM	01/07/2018	30/06/2019	12 546 027	Project completed	None	Average Performance
39	GLM010/2017C	Construction of Las Vegas paving	H & E Civil Engineering Contractors	MIG/GLM	01/07/2018	30/06/2019	12 862 267	Project completed	None	Performance Satisfactory
40	GLM011/2017C	Construction of Ditshoshing street paving	Sello Ramothwala Civils CC/Beten CC	MIG/GLM	01/07/2018	30/06/2019	13 964 962	Project completed	None	Performance Satisfactory
41	GLM012/2017C	Construction of Ga-Ntata street paving	Sello Ramothwala Civils CC/Beten CC	MIG/GLM	01/07/2018	30/06/2019	14 076 560	Project completed	None	Performance Satisfactory
42	GLM018/2016	Construction of Thakgalane sport complex Ph1	Sello Ramothwala	GLM	01/07/2018	30/06/2019	38 308 915	Construction in progress	None	Performance Satisfactory
43	GLM020/2016C	Construction of Rotterdam sport complex Ph3	Bagaphala Project Trading	GLM	01/07/2018	30/06/2019	32 867 353	Construction	None	Average Performance
44	GLM019/2016C	Construction of Madumeleng/Shotong sport complex Ph1	Maduke Trading and Projects	GLM	01/07/2018	30/06/2019	40 890 500	Construction	None	Performance Satisfactory
45	GLM005/2019	Planning, Design and supervision of Jokong street paving	Kipp Consulting Engineers	MIG	01/07/2018	30/06/2019	4 676 355	Project commencement	None	Performance Satisfactory

### 3.5. Service Delivery Backlog as at June 2019

It is critical to comment on the progress in eliminating backlogs in service delivery for the key services for the key functions of water, electricity, sanitation, refuse removal and roads. In Greater Letaba Municipality this function are located in the Infrastructure Development and Planning and Community Services directorates.

**Table 3.2: Service Delivery Backlog**

Service	Households	Access	% Access	Backlog	% Backlog
Water	58 261	43 696	75%	14 565	25%
Sanitation		48 412	83%	9 849	17%
Electricity		57 737	96%	2 626	4%
Housing		55 443	95%	2 818	5%
Roads		487.2 km	40%	725.8km	60%
Waste (Proclaimed area)		4 654	8%	55 459	92%

# **CHAPTER 4**

## **ORGANISATIONAL DEVELOPMENT PERFORMANCE**



## 4.1. Introduction

The quality of human capital is important in any organization. It will determine the success and progress that has been made to deliver services and support overall business strategy. To succeed there is a need to develop a holistic approach to the implementation of transformational issues like equity, human resource development, staff retention and succession planning, management of HIV/AIDS in the workplace.

## 4.2. Managing municipal workforce levels

MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. In Managing a Municipal Workforce effectively, it is important that employee policies, procedures and contracts are in place. The municipality had a total number of 30 reviewed policies in place listed below:

- *Communications Policy*
- *Career Management and Retention Policy*
- *Ward Committees Policy*
- *HIV/AIDS Policy*
- *Smoking Policy*
- *Skills Development Policy*
- *Recruitment and Selection Policy*
- *Transport Control Policy*
- *Sexual Harassment Policy*
- *Cellular Phone Allowance Policy*
- *Contract of Employment Policy*
- *Labour Relations Policy*
- *Conditions of Service Policy*
- *Occupational Health and Safety Policy*
- *Telephone Management Policy*
- *Language Policy*
- *Anti-Fraud and Corruption Policy*
- *Employees Assistance Program Policy*
- *Protective Clothing and Allowance Policy*
- *Internship and Experiential Learning Policy.*
- *Subsistence Allowance Policy*
- *Car Allowance Policy*
- *Performance Management Policy*
- *Succession Planning Policy*
- *Discrimination Policy*
- *Overtime Policy*
- *Sports Policy*
- *ICT Policy Handbook*
- *Anti-Fraud and Corruption Policy*
- *Whistle Blowing Policy*

The policies indicated above are in place and need to be monitored and implemented as a measure of creating controls for effective and efficient implementation of services.

### 4.3. Staff Establishment

The municipality has 340 posts in terms of the approved organogram for 2018/19 financial year and had 265 posts filled as at 30 June 2019. It is worth indicating that the municipality had a vacancy rate of 22%. The vacancy rate is due to posts that were never filled, retirements, demise and resignations. Below are statistics of all employees per directorate including Interns.

**Table 4.1: Total Staff Establishment as at 30 June 2019**

Directorate	Approved Posts	Filled	Vacant
Municipal Manager's Office	40	34	06
Corporate Services	19	16	03
Budget and Treasury	38	30	08
Technical Services	101	81	20
Community Services	130	94	36
Development and Town Planning	12	10	2
<b>Total</b>	<b>340</b>	<b>265</b>	<b>75</b>
Interns	28		

### 4.4. Staff Turnover Rate

A high staff turnover rate may be costly to a municipality and can negatively affect productivity, service delivery and institutional memory. Below is a table that displays staff turnover rate within the municipality: The staff turnover rate for 2017/18 was 6.8% which is higher as compared to 2018/19 which is 4.9%. The municipality shall appoint an Employee Health and Wellness Practitioner as a way of mitigating the increasing staff turnover rate.

Financial Year	Filled posts as at 30 June 2018 and June 2019.	Terminations	Turnover Rate
2017/2018	220	15	6.8%
2018/2019	265	13	4.9%

### 4.5. Employment Equity

Table 4.2 below outline employment equity status of the municipality per occupational categories. The empowerment of the previously disadvantaged groups is relatively low with African females at 44% and

33% on Senior / Top management in 2018/19. The municipality has regressed because in 2017/18 it was 75% females at Senior/ Top Management. The current challenge in this area is the representation of women in the entire municipal workforce. The overall percentage of females in the municipal workforce is 44% of which is 6% below the national target of 50% females representation. However, it is worth noting that the municipality has exceeded the 2% national target of people with disabilities. The municipality had a 2.3% representation of people with disabilities in the year 2018/2019.

The Employment Equity Plan for the municipality must be taken into consideration when posts are filled and race classification, gender and disability status must be in line with the goal set for the specific occupational level in which the vacant post falls. The Employment Equity Report was drafted and submitted electronically to the Department of Labour in January 2019.

**Table 4.2 Workforce profile per occupational category as at 30 June 2019**

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	1	0	0	0	0	0	0	0	1
Senior management	3	0	0	0	2	0	0	0	5
Professionally qualified and experienced specialists and mid-management	25	0	0	1	17	0	0	1	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	28	0	0	0	24	0	0	0	52
Semi-skilled and discretionary decision making	34	0	0	0	30	0	0	0	64
Unskilled and defined decision making	53	1	0	1	44	0	0	0	99
<b>TOTAL PERMANENT</b>	<b>144</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>265</b>
Temporary employees	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>144</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>265</b>

#### 4.6. Capacitating the municipal workforce

Section 68(1) of the MSA states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and

accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 199

- **Skills Development Budget Allocation**

The table below indicates that a total amount of R759 424.00 was allocated to the Workplace Skills Plan and that 98% of the total amount was spent in the 2018/2019 financial year for training of employees and Councillors respectively.

**Table 4.3: Budget allocated and spent for skills development**

Year	Total Personnel Budget & councillors	Total Allocated for training	Total Spent for training	% Spent
2017/2018	R97 552 826.00	R761 900.00	R196 524.00	25%
2018/2019	R118 148 334.00	R759 424.00	R744 833.00	98%

- **Skills Matrix**

The table below indicates the number of employees that received training (skills programs, short courses, etc.) in the year under review:

**Table 4.3: Skills matrix**

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager and Directors	04				01				05
Professionals and Legislators	05			01	06				12
Senior officials and managers	10				09			01	20
Clerks	18				27				45
Labourers	09			01	15				25
Interns	02				03				05
Councillors	30				48				78

The table below outlines the training interventions implemented and the numbers of learners per category:

NAME OF TRAINING PROGRAM	NUMBER OF COUNCILLORS TRAINED	NUMBER OF OFFICIALS TRAINED	NUMBER OF INTERNS TRAINED
Municipal Governance	18	-	-
Protocol, Code of Conduct and Etiquette	56	32	-
Minutes writing	15 (Ward Committee secretaries)	-	-
MFMP	01	03	05
Project Management	04	09	-
Audit	-	02	-
First Aid for First Aiders	01	13	-
Customer Care Excellency	-	14	-
Records Management	-	03	-
Handling and Disposal of Waste	-	09	-
ORHVS	-	07	-

#### 4.7. Performance Management System

This chapter outlines briefly how Greater Letaba Municipality managed its performance. Performance Management is a powerful tool that can be used to measure the performance of an organisation. It involves setting of desired strategic objectives, outcomes, indicators and targets, alignment of programmes, projects and processes directly to its individual components such section 57 managers as stipulated in the performance regulations of 2006.

In terms of Chapters 5 and 6 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), local government is required to:

- *Develop a performance management system.*
- *Set targets, monitor and review performance, based on indicators linked to the Integrated Development Plan (IDP).*
- *Publish an annual report on performance for the councillors, staff, the public and other spheres of government.*
- *Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government.*
- *Conduct an internal audit on performance before tabling the report.*
- *Have the annual performance report audited by the Auditor-General.*
- *Involve the community in setting indicators and targets and reviewing municipal performance.*

Greater Letaba Municipality's performance management system aims at ensuring that all the departments within the municipality are working coherently to achieve optimum desired results. This is done by planning, reviewing, implementing, monitoring, measuring and reporting on its activities.

The development of Greater Letaba Municipality's Performance Management Framework was guided by different pieces of legislation which include amongst others the following: *Constitution of the Republic of South Africa, Chapter 7 of Act 108 (1996)*

- *White Paper on Local Government 1998*
- *Municipal Systems Act, 2000 (Act No. 32 of 2000)*
- *Municipal Finance Management Act, (Act No. 56 2003)*
- *Regulation 393 of 2009: Local Government Municipal Finance Management Act Municipal Budget and Reporting Regulation*
- *Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager (2006)*
- *Municipal Planning and Performance Management Regulations (2001)*
- *Batho Pele Principles*
- *Municipal Structures Act 1998 (ACT no 117 of 1998)*

Greater Letaba Municipality has adopted a balance scorecard methodology which is a strategic performance management tool. The balance scorecard is used to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions. The balance scorecard creates a clear link of activities across all levels of municipality. The main objective of the balanced scorecard is to achieve synergy across the Municipality, maximise internal business process efficiencies, and to maximise efficient allocation of financial and human resources. By using the balance scorecard Greater Letaba Municipality managed to come up with strategic objectives that were transformed into a strategic map which emphasizes the municipality's main strategic intent.

<b>Community Perspective</b>	<b><i>The municipality checks if it is achieving the needs of the community</i></b>
<b>Financial Perspective</b>	<i>The municipality checks if it is delivering services in an economic, efficient and effective manner</i>
<b>Internal Processes Perspective</b>	<i>The municipality checks if its business processes are assisting in achieving its desired goals</i>
<b>Learning and Growth Perspective</b>	<i>The municipality checks if it has good skills and knowledge to achieve the needs of the community</i>

Organisational performance and employee performance are related to each other and this starts from the planning phase. At an organisational level the Service Delivery and Budget Implementation Plan (SDBIP) was developed for the purpose of monitoring the overall organisational performance. The

Performance Agreement of section 54 & 56 managers was derived directly from the SDBIP. The SDBIP yields a set of indicators and targets which became an undertaking of the municipality to account to the community.

- **Performance Management Tools**

This section outlines the performance management tools that Greater Letaba Municipality used to assess its performance.

- **Integrated Development Plan**

Greater Letaba Municipality has developed an Integrated Development Plan which was adopted by council. The performance management system is designed to monitor and evaluate the progress made in the implementation of the municipality's IDP objectives, taking into account the timeframe of projects and budget. The IDP is the strategic document of the municipality that gives direction in terms of service delivery objectives. Performance objectives, indicators, outcomes and targets are derived from the IDP.

- **Performance Management Policy Framework**

Greater Letaba Municipality has developed and adopted a Performance Management Framework that serves as a guiding document in the implementation of performance management system within the institution.

- **Service Delivery and Budget Implementation Plan**

In terms of the Municipal Finance Management Act, Act No. 56 (2003) the municipality must develop the SDBIP taking into consideration the Integrated Development Plan and the Budget of the municipality. Greater Letaba Municipality developed the SDBIP which was approved by the Mayor. The SDBIP yields specific indicators and targets which are derived from the IDP. The SDBIP is a link between integrated development plan, performance management system and the budget. The SDBIP serves as a contract between Council and the community. It outlines the Council's objectives and outcomes to be undertaken by Council. Through the SDBIP Council commit itself to the community in terms of services to be rendered. Administration also commit to council on the services they will render to the community.

- **Performance Agreements and Performance Plans**

The Local Government Municipal Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers (R805, 2006) indicate that Section 57 managers must be appointed in terms of a written employment contract and a separate performance agreement. Regulations R805 regulate employment contracts, performance agreements including performance

plans and job descriptions of Municipal Managers and managers directly accountable to Municipal Managers. Greater Letaba Municipality developed performance agreement that were duly signed.

The purpose of a performance management agreement is to:

- Specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality.
  - Specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement.
  - Specify and plan for competency gaps as set out in a personal development plan (PDP), which forms an annexure to the performance agreement (a PDP for addressing developmental gaps which have been identified during the previous financial year and must form part of the annual revised performance agreement).
  - Monitor and measure performance against set targeted outputs.
  - Use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job.
  - In the event of outstanding performance, to appropriately reward the employee depending on the availability of resources.
  - Give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.
- **Performance Calculators**

The 2001 Regulations Chapter 13 indicates that:

- (1) A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets as set.
- (2) The mechanisms, systems and processes for monitoring in terms of sub regulation (1) must:
  - a) provide for reporting to the municipal council at least twice a year;
  - b) be designed in a manner that enables the municipality to detect early indications of under-performance; and
  - c) provides corrective measures where under-performance has been identified.

Greater Letaba Municipality has developed performance calculators that are used to monitor the performance of the institution and Section 54 & 56 Managers. Monitoring is the key stage when implementing performance management system.



- **Reports**

The Greater Letaba Municipality continuously produce reports giving feedback regarding the performance of the institution and the departments. The reports mainly focus on the priorities of the organisation, performance objectives, indicators, targets, measurements and analysis. The reports include amongst others the following:

- ***Monthly / Quarterly IDP and SDBIP reporting***

In terms of Section 1 of the MFMA, Act 56 of 2003 a municipality must develop a SDBIP with detailed projections for each month of the revenue to be collected, by source, as well as the operational and capital expenditure, by vote. The SDBIP must be reported on a quarterly basis. In complying with this requirement, the municipality compiled monthly, quarterly IDP and SDBIP reports.

- ***Mid-year budget and report***

The accounting officer is required to prepare and submit a midyear performance report, which must be submitted to the Mayor, Provincial and National Treasury (Section 72 of the MFMA). Greater Letaba Municipality prepared a Mid-Year Budget and Report as per legislative requirement.

- ***Performance report***

Section 46 of the Municipal Systems Act No. 32 of 2000 requires a municipality to prepare a performance report for each financial year. The reports must cover the following:

- ❖ *Performance of the municipality and of each external service provided during that financial year;*
- ❖ *Comparison of the performances referred to in the above paragraph with targets set for and performances in the previous financial year; and*
- ❖ *Steps and Interventions to be taken to improve on the performance*

Greater Letaba Municipality prepared performance reports that reflected how the municipality performed institutionally and departmentally.

- ***Annual report***

Section 121 requires the municipality to prepare an annual report for each financial year. Greater Letaba Municipality has managed to compile an annual report.

- ***Oversight report***

Section 129 requires the council of a municipality to consider the municipality's annual report. It further indicates that within two months from the date of tabling of the annual report, council must adopt an oversight report containing the council's comments. An oversight report for the municipality was compiled.

- **Assessment of Section 54 & 56 Managers**

The 2006 regulations on Municipal Manager and Managers directly reporting to the Municipal Manager depict how the assessment of section 54 & 56 managers should unfold. It identified four assessments per annum, namely:

Quarter	Panel formation
<b>First Quarter (July to September) – Informal Assessment</b>	No need to constitute a panel of assessors
<b>Second Quarter (October to December) – Formal Assessment</b>	<p>Panel shall be constituted as follows:</p> <p>Assessment of Municipal Manager</p> <ul style="list-style-type: none"> <li>• Mayor</li> <li>• Municipal Manager or Mayor from another municipality</li> <li>• EXCO Member</li> <li>• Ward Committee Member</li> <li>• Chairperson of Performance Audit Committee</li> </ul> <p>Assessment of Directors</p> <ul style="list-style-type: none"> <li>• Municipal Manager from another municipality</li> <li>• EXCO Member</li> <li>• Municipal Manager</li> <li>• Chairperson of Performance Audit Committee</li> </ul>
<b>Third Quarter (January to March) – Informal Assessment</b>	No need to constitute a panel of assessors
<b>Fourth Quarter (April to June) – Formal Assessment</b>	<p>Panel shall be constituted as follows:</p> <p>Assessment of Municipal Manager</p> <ul style="list-style-type: none"> <li>• Mayor</li> <li>• Municipal Manager or Mayor from another municipality</li> <li>• EXCO Member</li> <li>• Ward Committee Member</li> <li>• Chairperson of Performance Audit Committee</li> </ul> <p>Assessment of Directors</p> <ul style="list-style-type: none"> <li>• Municipal Manager from another municipality</li> <li>• EXCO Member</li> <li>• Municipal Manager</li> </ul> <p>Chairperson of Performance Audit Committee</p>

#### 4.8. Municipal Workforce Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent

on salaries and allowance for the past two financial years and that the municipality is well within the national norm of between 35 to 40%

**Table 4.2: Personnel Expenditure (excluding Councillors allowances)**

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	
2017/2018	74 714 370	239 631 463	31%
2018/2019	97 374 680	320 194 221	30%

Disclosure regarding the 2018/19 remuneration packages for the Mayor, Councillors and Section 57 Managers were as follows:

**Table 4.3: Remuneration packages- 2018/19**

Designation	Total Salaries & Wages
Mayor	R 868 548.96
Full-Time Councillor-Speaker	R 702 999.96
Full-Time Councillor-Chief whip	R 661 612.92
Executive Councillors	R 661 612.92
Councillors	R 302 751.96
Municipal Manager	R 1 327 761.96
Chief Financial Officer	R 1 016 218.45
Technical Services Director	R 977 895.96
Corporate Services Director	R 948 480.00
Community Services Director	R 965 868.96
Development and Town Planning Director	R 970 869.08

#### 4.9. Organisational Development Performance Highlights

- Submission of Workplace skills plan and Annual training reports before the 30th April 2019.
- Submission of Employment Equity Report prior 15 January 2019.
- Enrolling Finance Officials and Interns, Managers and Councillors for Municipal Finance Management Programme as required by Section 60 of National Treasury.
- Training of Councillors, Officials and Traditional Leaders on Protocol, Code of Conduct and Etiquette.
- Appointment of 52 General Workers.
- Embracing of 4<sup>th</sup> Industrial Revolution.

# **CHAPTER 5**

## **FINANCIAL PERFORMANCE**

## 5.1 Introduction

This chapter provides details regarding the financial performance of the municipality for 2018/2019 financial year. Sound financial management practices are essential to the long-term sustainability of the municipality. They underpin the process of democratic accountability. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. The aim of this chapter is to provide an overview of the financial performance of Greater Letaba Municipality through measuring of results.

## 5.2 STATEMENT OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

The table below indicates the operating ratios for the year 2016/2017, 2017/2018 and 2018/2019.

**Table: 5.1 Operating ratios**

Operating Ratios			
Detail	2016/17 Ratio %	2017/18 Ratio %	2018/19 Ratio %
Employee Cost	31%	30%	30%
Repairs & Maintenance	02%	04%	7.5%
Finance Charges & Depreciation	09%	12%	9.8%

The table below indicates the financial overview of the 2018/2019 financial year.

**Table: 5.2. Financial overview**

Financial Overview – 2018/19			
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	330 801 000	330 801 000	329 371 680
Taxes, Levies and tariffs	31 157 000	49 573 000	26 072 490
Other	340 257 000	386 682 000	29 352 395
Sub Total	900 513 680	339 381 000	384 796 565
Less Expenditure	275 463 000	52 032 000	320 194 221
Net Total *	625 050 680	287 349 000	64 602 344
*Note: Surplus/ Deficit			

The table below highlights capital expenditure for the period 2016/2017, 2017/2018 and 2018/2019 comparatively.

**Table: 5.3. Capital expenditure**

Total Capital Expenditure from 2016/17 to 2017/18 & 2018/19			
Detail	2016/17	2017/18	2018/19
Original budget	143 405 121	141 632 508.00	176 454 318
Adjustment budget	165 055 387	162 818 699.00	193 661 406
Actual	107 444 236	168 679 537.00	124 679 494

### 5.3 GREATER LETABA MUNICIPALITY FINANCIAL PERFORMANCE ANALYSIS

- **Revenue**

The Municipality receives grants and equitable share from national treasury. The grants amount to 43% of the total receipts. Own revenue accounts for 57% of the total receipts, the municipality depends more on grants though there is slight increase improvement on own funding and if the treasury had to pull out from funding the municipality, the municipality will not be able to sustain itself. Revenue income for 2018/2019 has an increase in comparison with 2016/17 and 2017/18 financial year.

- **Debtors**

The municipality debt bill has decreased by 1.1 % compared to 2017/18 financial year due to VAT-receivable not raised in the financial year while receivables continue to increase. This concludes that the municipality is not doing well in terms of debt collection. The total debt owed to the municipality is R 101 605 886.00. The Municipality appointed a service provider to develop the revenue enhancement strategy to enable the municipality to improve in revenue collection.

- **Liquidity**

The Municipality is financially sound. It has reserves cash and cash equivalents amounting to R 3 419 575.00. The municipality's current assets are more than the current liabilities, current assets amount to R 113 606 004.00 and current liabilities amount to R 71 669 308.00.

- **Expenditure analysis**

In 2017/18 financial year expenses were less than 2018/19 financial year. 2017/18 financial year expenditure amounted to R 247 665 543.00 and 2018/19 amounted to R 320 194 221.



Greater Letaba Municipality  
Audited Annual Financial  
Statements for the year ended  
30 June 2019

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Providing municipal services and maintaining the best interest of the local community mainly in the Greater Letaba area.
<b>Grading of local authority</b>	Category 3 Local Municipality in terms of Remuneration of public Office Bearers Act (Act 20 of 1998)
<b>Executive committee</b>	
Mayor	Hon Cllr MP Matlou
Speaker	Hon Cllr MD Makhananisa
Chief Whip	Cllr PJ Mampeule
Members of the Executive Committee	Cllr ND Modiba (Finance) Cllr MM Nkwana (Corporate and shared Services) Cllr MR Mosila (Infrastructure) Cllr TJ Rababalela (Water and Sanitation Services) Cllr MP Masela (Economic Development) Cllr MG Selowa (Community Services) Cllr E Mathaba (Public Transport and Roads) Cllr MB Maenetsa (Agriculture and Environment) Cllr SM Rasetsoke (Sports, Arts and Culture)



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Councillors

Cllr MV Mangoro  
Cllr DG Rabothata  
Cllr SS Malatji  
Cllr V Nkuna  
Cllr MA Lebepe  
Cllr PJ Mohale  
Cllr MS Kgatla  
Cllr ME Ralefatane  
Cllr MV Rampedi  
Cllr KE Ramaano  
Cllr ME Masedi  
Cllr S Selamolela  
Cllr NF Lebeko  
Cllr PW Selema  
Cllr MP Ngobeni  
Cllr MM Mankgeru  
Cllr R Ramoba  
Cllr MP Monaiwa  
Cllr R Ratlhaha  
Cllr KB Monyela  
Cllr MP Makomene  
Cllr ME Ramabela  
Cllr N Selowa  
Cllr BE Ngobeni  
Cllr PD Moroatshehla (Deceased)  
Cllr NL Seshoka  
Cllr SJ Hlungwani  
Cllr MF Hlapane  
Cllr RG Baloyi  
Cllr MR Maake  
Cllr MF Manyama (Deceased)  
Cllr GH Modjadji  
Cllr M Mathedimosa  
Cllr MEC Ndobela  
Cllr ZT Maluleke  
Cllr FC Pohl (Resigned)  
Cllr TJ Senyolo  
Cllr SB Rampyapedi  
Cllr MM Selomo  
Cllr SL Mohale  
Cllr R Motsinone  
Cllr MC Rasetsoke  
Cllr MI Manyama  
Cllr TJ Kgapane  
Cllr PP Ralephatana  
Cllr ML Ramalobela  
Cllr D Raphokwane  
Cllr MM Mabeba

### Audit committee

MM Makgale (Chairperson)  
FJ Mudau  
MJ Mojapelo  
TW Sebola  
R Raphalalani

### Chief Finance Officer (CFO)

MF Mankgabe (1 July 2018- 31 May 2019)  
ML Mamatlepa (Acting) (1 June 2019 -30 June 2019)

### Accounting Officer

Dr KI Sirovha

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

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<b>Registered office</b>	Civic Centre 44 Botha Street Modjadjiskloof Limpopo
<b>Business address</b>	Civic Centre 44 Botha Street Modjadjiskloof Limpopo
<b>Postal address</b>	PO Box 36 Modjadjiskloof 0835
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Enabling Legislations</b>	Division of Revenue Act (Act 3 of 2016) Local Government Municipal Finance Management Act (Act 56 of 2003) Municipal Property Rates Act (Act 6 of 2004) Local Government Municipal System Act (Act 32 of 2000) Government Municipal Structures Act (Act 117 of 1998)
<b>Level of rounding</b>	Nearest Rand

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Accounting Officer's Responsibilities and Approval	5
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Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 13
Accounting Policies	14 - 36
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CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
PAYE	Pay As You Earn
COIDA	Compensation for Occupational Injuries and Diseases Act

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 7 to 53, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2019 and were signed by:



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**Dr KI Sirovha**  
**Municipal Manager**

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2019.

### 1. Review of activities

#### Main business and operations

Net surplus of the municipality is R 64 602 344 (2018: surplus R 85 619 259).

### 2. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus of R 937 196 646 and that the municipality's total assets exceed its liabilities by R 937 196 646.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

#### Adjusting events

No subsequent events occurred after year end.

### 4. Accounting Officer's interest in contracts

None have been identified.

### 5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

### 6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name  
Dr KI Sirovha

Changes  
Appointed effective April 2018

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	8 580 543	11 923 220
Receivables from exchange transactions	4	88 509 035	74 918 907
Receivables from non-exchange transactions	5	6 472 303	3 647 924
VAT receivable	43	-	22 061 586
Consumer debtors	6	6 624 548	2 127 696
Cash and cash equivalents	7	3 419 575	13 167 011
		<b>113 606 004</b>	<b>127 846 344</b>
<b>Non-Current Assets</b>			
Investment property	8	222 024	231 065
Property, plant and equipment	9	907 990 993	815 026 602
Intangible assets	10	133 822	185 281
Heritage assets	11	548 500	548 500
		<b>908 895 339</b>	<b>815 991 448</b>
<b>Total Assets</b>		<b>1 022 501 343</b>	<b>943 837 792</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	44	390 496	-
Payables from exchange transactions	12	70 802 696	56 520 223
VAT payable		92 403	-
Consumer deposits	13	378 839	383 334
Unspent conditional grants and receipts	14	4 874	353 553
		<b>71 669 308</b>	<b>57 257 110</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	44	-	800 347
Employee benefit obligation	15	13 271 389	12 907 853
Provisions	16	364 000	314 609
		<b>13 635 389</b>	<b>14 022 809</b>
<b>Total Liabilities</b>		<b>85 304 697</b>	<b>71 279 919</b>
<b>Net Assets</b>		<b>937 196 646</b>	<b>872 557 873</b>
Accumulated surplus		937 196 646	872 557 873

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	16 374 412	13 861 049
Rental of facilities and equipment		61 656	169 074
Interest received - outstanding receivables		18 723 671	10 309 711
Agency services		2 702 473	2 258 635
Licences and permits		3 474 673	2 693 125
Other Income		1 693 421	842 363
Gain on sale of assets		-	203 603
Interest received - investment	18	1 640 038	4 605 544
<b>Total revenue from exchange transactions</b>		<b>44 670 344</b>	<b>34 943 104</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	19	9 698 078	8 599 768
<b>Transfer revenue</b>			
Government grants & subsidies	20	329 371 680	291 695 123
Fines, Penalties and Forfeits		548 300	993 006
Other transfer revenue		508 163	-
<b>Total revenue from non-exchange transactions</b>		<b>340 126 221</b>	<b>301 287 897</b>
<b>Total revenue</b>	21	<b>384 796 565</b>	<b>336 231 001</b>
<b>Expenditure</b>			
Employee related costs	22	(97 374 680)	(74 714 370)
Remuneration of councillors	23	(21 943 981)	(20 873 647)
Depreciation and amortisation	24	(31 413 363)	(28 458 320)
Debt Impairment	45	(27 429 002)	(19 199 927)
Bulk purchases	25	(14 766 931)	(14 679 655)
Contracted services	26	(21 521 802)	(13 956 433)
General Expenses	27	(105 744 462)	(67 749 111)
<b>Total expenditure</b>		<b>(320 194 221)</b>	<b>(239 631 463)</b>
<b>Surplus for the year</b>		<b>64 602 344</b>	<b>96 599 538</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	677 131 108	677 131 108
Adjustments		
Surplus for the year	94 453 205	94 453 205
Prior year adjustments	4 374 022	4 374 022
<b>Balance at 01 July 2017 as restated*</b>	<b>775 958 335</b>	<b>775 958 335</b>
Changes in net assets		
Surplus for the period	96 599 538	96 599 538
Total changes	96 599 538	96 599 538
<b>Restated* Balance at 01 July 2018 as restated*</b>	<b>872 594 302</b>	<b>872 594 302</b>
Changes in net assets		
Surplus for the year	64 602 344	64 602 344
Total changes	64 602 344	64 602 344
<b>Balance at 30 June 2019</b>	<b>937 196 646</b>	<b>937 196 646</b>
Note(s)		



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		11 664 074	9 888 443
Grants		329 023 001	291 405 000
Interest income		15 372 856	4 605 544
Other Income		1 693 421	842 363
		<u>357 753 352</u>	<u>306 741 350</u>
<b>Payments</b>			
Employee costs		(118 955 125)	(94 896 000)
Suppliers		(124 327 193)	(100 965 964)
		<u>(243 282 318)</u>	<u>(195 861 964)</u>
<b>Net cash flows from operating activities</b>	29	<b><u>114 471 034</u></b>	<b><u>110 879 386</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(123 808 619)	(153 768 699)
Purchase of other intangible assets	10	-	(148 800)
Proceeds from sale of assets		-	577 756
<b>Net cash flows from investing activities</b>		<b><u>(123 808 619)</u></b>	<b><u>(153 339 743)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(409 851)	(304 978)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(9 747 436)</u></b>	<b><u>(42 765 335)</u></b>
Cash and cash equivalents at the beginning of the year		13 167 011	55 932 345
<b>Cash and cash equivalents at the end of the year</b>	7	<b><u>3 419 575</u></b>	<b><u>13 167 010</u></b>

The accounting policies on pages 14 to 36 and the notes on pages 37 to 72 form an integral part of the annual financial statements.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	18 902 000	13 808 000	<b>32 710 000</b>	16 374 412	<b>(16 335 588)</b>	
Rental of facilities and equipment	957 000	-	<b>957 000</b>	61 656	<b>(895 344)</b>	
Interest received (trading)	8 441 000	10 786 000	<b>19 227 000</b>	18 723 671	<b>(503 329)</b>	
Agency services	2 176 000	-	<b>2 176 000</b>	2 702 473	<b>526 473</b>	
Licences and permits	8 085 000	14 600 000	<b>22 685 000</b>	3 474 673	<b>(19 210 327)</b>	
Other income	34 786 000	2 623 000	<b>37 409 000</b>	1 693 421	<b>(35 715 579)</b>	
Interest received - investment	4 520 000	-	<b>4 520 000</b>	1 640 038	<b>(2 879 962)</b>	
Gains on disposal of assets	577 000	-	<b>577 000</b>	-	<b>(577 000)</b>	
<b>Total revenue from exchange transactions</b>	<b>78 444 000</b>	<b>41 817 000</b>	<b>120 261 000</b>	<b>44 670 344</b>	<b>(75 590 656)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	12 255 000	4 608 000	<b>16 863 000</b>	9 698 078	<b>(7 164 922)</b>	
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##### Transfer revenue

Government grants & subsidies	248 358 000	-	<b>248 358 000</b>	329 371 680	<b>81 013 680</b>	
Fines, Penalties and Forfeits	1 200 000	-	<b>1 200 000</b>	548 300	<b>(651 700)</b>	
Other transfer revenue	-	-	-	508 163	<b>508 163</b>	

<b>Total revenue from non-exchange transactions</b>	<b>261 813 000</b>	<b>4 608 000</b>	<b>266 421 000</b>	<b>340 126 221</b>	<b>73 705 221</b>	
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<b>Total revenue</b>	<b>340 257 000</b>	<b>46 425 000</b>	<b>386 682 000</b>	<b>384 796 565</b>	<b>(1 885 435)</b>	
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#### Expenditure

Employee related costs	(78 304 000)	(16 962 000)	<b>(95 266 000)</b>	(97 374 680)	<b>(2 108 680)</b>	
Remuneration of councillors	(22 468 000)	(414 000)	<b>(22 882 000)</b>	(21 943 981)	<b>938 019</b>	
Depreciation and amortisation	(5 043 000)	(899 000)	<b>(5 942 000)</b>	(31 413 363)	<b>(25 471 363)</b>	
Debt Impairment	(1 957 000)	-	<b>(1 957 000)</b>	(27 429 002)	<b>(25 472 002)</b>	
Bulk purchases	(17 097 000)	-	<b>(17 097 000)</b>	(14 766 931)	<b>2 330 069</b>	
Contracted Services	(15 119 000)	(4 257 000)	<b>(19 376 000)</b>	(21 521 802)	<b>(2 145 802)</b>	
General Expenses	(83 443 000)	(29 500 000)	<b>(112 943 000)</b>	(105 744 462)	<b>7 198 538</b>	

<b>Total expenditure</b>	<b>(223 431 000)</b>	<b>(52 032 000)</b>	<b>(275 463 000)</b>	<b>(320 194 221)</b>	<b>(44 731 221)</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>179 269 000</b>	<b>14 393 000</b>	<b>193 662 000</b>	<b>107 965 106</b>	<b>(85 696 894)</b>	
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# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 41 for explanations of major variances
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	3 215 000	-	3 215 000	8 580 543	5 365 543	
Receivables from exchange transactions	44 274 000	-	44 274 000	88 509 035	44 235 035	
Receivables from non-exchange transactions	12 078 000	-	12 078 000	6 472 303	(5 605 697)	
Consumer debtors	6 900 000	-	6 900 000	6 624 548	(275 452)	
Cash and cash equivalents	29 721 000	(25 695 000)	4 026 000	3 419 575	(606 425)	
	<b>96 188 000</b>	<b>(25 695 000)</b>	<b>70 493 000</b>	<b>113 606 004</b>	<b>43 113 004</b>	

##### Non-Current Assets

Investment property	249 000	-	249 000	222 024	(26 976)	
Property, plant and equipment	853 916 000	(5 306 000)	848 610 000	907 990 993	59 380 993	
Intangible assets	208 000	-	208 000	133 822	(74 178)	
Heritage assets	548 500	-	548 500	548 500	-	
	<b>854 921 500</b>	<b>(5 306 000)</b>	<b>849 615 500</b>	<b>908 895 339</b>	<b>59 279 839</b>	

#### Total Assets

<b>951 109 500</b>	<b>(31 001 000)</b>	<b>920 108 500</b>	<b>1 022 501 343</b>	<b>102 392 843</b>	
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#### Liabilities

##### Current Liabilities

Finance lease obligation	-	-	-	390 496	390 496	
Payables from exchange transactions	35 693 000	-	35 693 000	70 802 695	35 109 695	
VAT payable	-	-	-	92 403	92 403	
Consumer deposits	370 000	-	370 000	378 839	8 839	
Unspent conditional grants and receipts	-	-	-	4 874	4 874	
	<b>36 063 000</b>	<b>-</b>	<b>36 063 000</b>	<b>71 669 307</b>	<b>35 606 307</b>	

##### Non-Current Liabilities

Employee benefit obligation	-	-	-	13 271 389	13 271 389	
Provisions	14 744 000	-	14 744 000	364 000	(14 380 000)	
	<b>14 744 000</b>	<b>-</b>	<b>14 744 000</b>	<b>13 635 389</b>	<b>(1 108 611)</b>	

#### Total Liabilities

<b>50 807 000</b>	<b>-</b>	<b>50 807 000</b>	<b>85 304 696</b>	<b>34 497 696</b>	
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#### Net Assets

<b>900 302 500</b>	<b>(31 001 000)</b>	<b>869 301 500</b>	<b>937 196 647</b>	<b>67 895 147</b>	
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	900 302 500	(31 001 000)	869 301 500	937 196 647	67 895 147	
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# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 41 for explanations of major variances
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Cash received from trade services, assessment rates and rental	20 332 000	14 305 000	<b>34 637 000</b>	11 664 074	<b>(22 972 926)</b>	
Grants	310 801 000	-	<b>310 801 000</b>	329 023 001	<b>18 222 001</b>	
Interest income	9 584 000	8 513 000	<b>18 097 000</b>	15 372 856	<b>(2 724 144)</b>	
Other income	-	-	-	1 693 421	<b>1 693 421</b>	
Other cash item	28 562 000	28 580 000	<b>57 142 000</b>	-	<b>(57 142 000)</b>	
	<b>369 279 000</b>	<b>51 398 000</b>	<b>420 677 000</b>	<b>357 753 352</b>	<b>(62 923 648)</b>	

##### Payments

Employee costs	-	-	-	(118 955 125)	<b>(118 955 125)</b>	
Suppliers and employees	(217 786 000)	(49 779 000)	<b>(267 565 000)</b>	(124 327 193)	<b>143 237 807</b>	
	<b>(217 786 000)</b>	<b>(49 779 000)</b>	<b>(267 565 000)</b>	<b>(243 282 318)</b>	<b>24 282 682</b>	

<b>Net cash flows from operating activities</b>	<b>151 493 000</b>	<b>1 619 000</b>	<b>153 112 000</b>	<b>114 471 034</b>	<b>(38 640 966)</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(145 091 000)	(18 243 000)	<b>(163 334 000)</b>	(123 808 619)	<b>39 525 381</b>	
Proceeds from sale of property, plant and equipment	577 000	-	<b>577 000</b>	-	<b>(577 000)</b>	

<b>Net cash flows from investing activities</b>	<b>(144 514 000)</b>	<b>(18 243 000)</b>	<b>(162 757 000)</b>	<b>(123 808 619)</b>	<b>38 948 381</b>	
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Net increase/(decrease) in cash and cash equivalents	6 979 000	(16 624 000)	<b>(9 645 000)</b>	(9 337 585)	<b>307 415</b>	
Cash and cash equivalents at the beginning of the year	13 671 000	-	<b>13 671 000</b>	13 167 011	<b>(503 989)</b>	
Finance lease payments	-	-	-	(409 851)	<b>(409 851)</b>	

<b>Cash and cash equivalents at the end of the year</b>	<b>20 650 000</b>	<b>(16 624 000)</b>	<b>4 026 000</b>	<b>3 419 575</b>	<b>(606 425)</b>	
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### Reconciliation

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) and MFMA Circulars as issued by National Treasury.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for the next unforeseeable future.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

##### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

##### Useful lives of property, plant and equipment, intangible assets and investment property

The municipality's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Post retirement benefits

The Municipality has defined benefit plan. The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for post retirement benefit obligations are based on current market conditions. Additional information is disclosed in Note 15.

#### Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

#### Debtors impairment

##### Consumer debtors

The provision for impairment is measured per individual debtors using the recoverability rate per debtors. The municipality provide for debtors excluding government debtors and debtors with credit balances. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

##### Traffic fines debtors

The provision for impairment is measured with reference to the recoverability rate.

### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	30 years

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## Accounting Policies

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### 1.4 Investment property (continued)

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Work in progress is carried at cost. The retention is recorded at cost under payables

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land which is carried at cost.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Infrastructure	Straight line	
• Roads, pavements, bridges and storm water		10 - 100
• Street names, signs and parking meters		5
• Water reservoirs and reticulation		15 -20
• Electricity reticulation		20 -50
• Sewerage purification and reticulation		15 - 20
• Refuse sites		15
• Security measures		5
	Straight line	
• Parks and gardens		10 -30
• Sports fields		20 -30
• Community halls		30
• Libraries		30
• Recreational facilities		30
• Cemeteries		30
Other assets	Straight line	
• Motor vehicles		7 - 15
• Plant and equipment		2 - 5
• IT equipment		5
• Office equipment		5
Work-in progress		Not depreciated

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.



## Accounting Policies

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### 1.6 Intangible assets (continued)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.7 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost/fair value less any accumulated impairment losses.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.8 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

#### Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Derecognition

##### Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the municipality adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the municipality obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the municipality recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

## Accounting Policies

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### 1.8 Financial instruments (continued)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

#### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that can be readily converted to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently received at fair value.

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

#### Finance leases - lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.10 Leases (continued)

#### Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

### 1.11 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at market value as per the approved municipality valuation roll.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

### 1.12 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Key Management Personnel is defined as the Municipal Manager, Chief Financial Officer, and all other Directors reporting directly to the Municipal Manager or designated by the Municipal Manager as well as the Mayor and Councillors

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

### 1.13 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

### 1.14 Value added tax

The municipality accounts for Value Added Tax on accrual basis.

### 1.15 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

## Accounting Policies

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### 1.15 Impairment of cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the municipality operates, or for the market in which the asset is used, unless a higher rate can be justified.

## Accounting Policies

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### 1.15 Impairment of cash-generating assets (continued)

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



## Accounting Policies

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### 1.15 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## Accounting Policies

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### 1.15 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.16 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

## Accounting Policies

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### 1.16 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Accounting Policies

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### 1.16 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

#### Short-term employee benefits

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

## Accounting Policies

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### 1.17 Employee benefits (continued)

#### Retirement benefits

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

## Accounting Policies

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### 1.17 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Other post retirement obligations

The municipality offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

### 1.18 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- The municipality has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.18 Provisions and contingencies (continued)

The municipality does not recognise contingent liabilities or contingent assets. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets and liabilities are disclosed in note 31.

### 1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.20 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

#### Measurement

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

#### Service charges

Flat rate service charges relating to electricity which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and;
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

#### Interest Income

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.20 Revenue from exchange transactions (continued)

#### Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Traffic Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Property Rates (including collection charges and penalty interest)

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met. Revenue from property rates is recognised when the legal entitlement to this revenue arises.

Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to property

#### Gain/ Loss on assets:

Gain/ loss on assets are recognised in the on the statement of financial performance as revenue from non-exchange transaction or non-cash expenditure

#### Government grants and transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.21 Revenue from non-exchange transactions (continued)

#### Traffic Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity. Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the further of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in the stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position.

Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable. Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions a recipient may be required to use the transferred asset for a particular purpose. However the difference between a restriction and a condition is that a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated.

When conditions are attached to a transferred asset, the municipality incurs a liability. The municipality has a present obligation to comply with the conditions of the asset or to return the economic benefits or service potential of the asset to the transferor when the conditions are not met. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

Restrictions on transferred assets arise when there is an expectation and/or understanding about the particular way that the assets will be used. However, there is no requirement that the transferred asset, or future economic benefits or service potential are to be returned to the transferor if the assets are not used as per the expectation or understanding. Thus, initially gaining control of an asset with restrictions does not impose a present obligation on the recipient and consequently no liability is recognised. Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

### 1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.23 Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.24 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.25 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Fruitless and wasteful expenditure is also disclosed on the notes. It get de-recognised when condoned by the Council

### 1.26 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### Investments in securities

Investments in securities are recognised and initially measured at cost.

### 1.28 Conditional grants and receipts

Revenue received from conditional grants, and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. If conditions or obligations have not been met a liability is recognised. If the obligation has been exceeded an asset is recognised.

### 1.29 Expenditure

Expenditure is recognised as an expense when it is incurred (Accrual basis).

### 1.30 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The municipality consider all variances which are +-10% to be material and explanations are provided for them

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Accounting Policies

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### 1.30 Budget information (continued)

Comparative information is not required.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>IGRAP 19: Liabilities to Pay Levies</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 12 (as amended 2016): Inventories</li></ul>	01 April 2018	The impact of the is not material.
<ul style="list-style-type: none"><li>GRAP 16 (as amended 2016): Investment Property</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 17 (as amended 2016): Property, Plant and Equipment</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 21 (as amended 2016): Impairment of non-cash-generating assets</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 26 (as amended 2016): Impairment of cash-generating assets</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 27 (as amended 2016): Agriculture</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 31 (as amended 2016): Intangible Assets</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>GRAP 103 (as amended 2016): Heritage Assets</li></ul>	01 April 2018	
<ul style="list-style-type: none"><li>Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities</li></ul>	01 April 2018	

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 37: Joint Arrangements</li></ul>	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 38: Disclosure of Interests in Other Entities</li></ul>	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme</li></ul>	01 April 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 110: Living and Non-living Resources</li></ul>	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 110 (as amended 2016): Living and Non-living Resources</li></ul>	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 7 (as revised 2010): Investments in Associates</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 8 (as revised 2010): Interests in Joint Ventures</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 18 (as amended 2016): Segment Reporting</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 20: Related parties</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 32: Service Concession Arrangements: Grantor</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 105: Transfers of functions between entities under common control</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 106 (as amended 2016): Transfers of functions between entities not under common control</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 107: Mergers</li></ul>	01 April 2019	Unlikely there will be a material impact

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# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>3. Inventories</b>		
Work in progress	5 184 940	11 087 721
Consumable stores	3 395 603	835 499
	<b>8 580 543</b>	<b>11 923 220</b>

The total of consumable store's is represented by items held for use in operations. The work-in progress inventory is for electricity projects which will be transferred to Eskom upon completion.

### 4. Receivables from exchange transactions

Deposits	1 833 693	1 638 821
Sundry debtors	4 449 812	3 253 934
Cash suspense	-	189
Interest debtors	4 990 853	-
Mopani District Municipality (Water and Sanitation Function)	83 261 530	71 111 963
Less: Allowance for impairment on Interest debtors	(4 990 853)	-
Less: Allowance for impairment on sundry debtors	(1 036 000)	(1 086 000)
	<b>88 509 035</b>	<b>74 918 907</b>

#### Allowance for impairment

As of 30 June 2019, trade and other receivables of R6 026 853 (2018: R1 086 000) were impaired and provided for.

### 5. Receivables from non-exchange transactions

Traffic Fines	8 022 737	7 541 530
Consumer Debtors - Rates	65 715 581	52 803 629
Impairment of Consumer debtors - Rates	(59 313 960)	(49 155 705)
Impairment debtors - Traffic fines	(7 952 055)	(7 541 530)
	<b>6 472 303</b>	<b>3 647 924</b>

#### Receivables from non-exchange transactions

The ageing of rates is as follows:

Current (0 - 30 days)	1 453 532	1 198 437
31 -60 days	1 376 904	1 006 185
61 - 90 days	1 337 659	969 488
91 - 120 days	1 302 855	940 505
>365 days	60 209 772	48 689 014
	<b>65 680 724</b>	<b>52 803 629</b>
less: Impairment	(59 313 960)	(49 155 705)
	<b>6 366 763</b>	<b>3 647 924</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>6. Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	26 170 420	18 835 844
Refuse	55 183 131	46 777 780
Other	20 610 791	19 934 498
	<b>101 964 342</b>	<b>85 548 122</b>
<b>Less: Allowance for impairment</b>		
Electricity	(23 426 282)	(17 575 926)
Refuse	(54 421 968)	(46 150 041)
Other	(17 491 544)	(19 694 459)
	<b>(95 339 794)</b>	<b>(83 420 426)</b>
<b>Net balance</b>		
Electricity	2 744 138	1 259 918
Refuse	761 163	627 739
Other	3 119 247	240 039
	<b>6 624 548</b>	<b>2 127 696</b>
<b>Electricity</b>		
Current (0 -30 days)	1 950 881	1 220 098
31 - 60 days	760 722	779 022
61 - 90 days	706 469	575 599
91 - 120 days	1 679 404	462 598
121 - 365 days	503 369	3 520 037
> 365 days	20 569 574	12 278 489
Less : Impairment	(23 426 281)	(17 575 925)
	<b>2 744 138</b>	<b>1 259 918</b>
<b>Refuse</b>		
Current (0 -30 days)	847 815	750 225
31 - 60 days	814 177	699 361
61 - 90 days	790 294	680 005
91 - 120 days	777 993	663 987
121 - 365 days	766 780	5 062 927
> 365 days	51 186 027	38 921 275
	(54 421 923)	(46 150 041)
	<b>761 163</b>	<b>627 739</b>
<b>Other</b>		
Current (0 -30 days)	66 504	69 733
31 - 60 days	66 506	68 685
61 - 90 days	66 505	68 844
91 - 120 days	66 407	68 688
121 - 365 days	66 392	548 362
> 365 days	20 278 474	19 110 186
Less : impairment	(17 491 541)	(19 694 459)
	<b>3 119 247</b>	<b>240 039</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>6. Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	1 812 077	1 531 910
31 - 60 days	1 277 445	1 297 985
61 - 90 days	1 238 816	1 210 088
91 - 120 days	2 214 079	1 045 115
121 - 365 days	1 124 480	8 215 287
> 365 days	90 201 643	66 757 796
	<b>97 868 540</b>	<b>80 058 181</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	712 111	432 742
31 - 60 days	294 256	237 740
61 - 90 days	260 004	103 373
91 - 120 days	262 038	139 181
121 - 365 days	170 521	840 268
> 365 days	4 705 304	2 981 535
	<b>6 404 234</b>	<b>4 734 839</b>
<b>National and provincial government</b>		
Current (0 -30 days)	325 301	74 423
31 - 60 days	55 602	10 509
61 - 90 days	50 527	10 159
91 - 120 days	33 816	10 155
121 - 365 days	27 914	69 417
> 365 days	980 954	537 338
	<b>1 474 114</b>	<b>712 001</b>
<b>Other: Ageing</b>		
Current (0 - 30 days)	15 711	982
31 - 60 days	14 102	934
61 - 90 days	13 922	828
91 - 120 days	13 852	822
121 - 365	13 626	6 354
>365 days	1 120 068	33 281
	<b>1 191 281</b>	<b>43 201</b>
<b>Total</b>		
Current (0 -30 days)	2 865 200	2 040 056
31 - 60 days	1 641 406	1 547 068
61 - 90 days	1 563 268	1 324 448
91 - 120 days	2 523 784	1 195 274
121 - 365 days	1 336 541	9 131 326
> 365 days	92 034 097	70 309 950
	101 964 296	85 548 122
Less: Allowance for impairment	(95 339 748)	(83 420 426)
	<b>6 624 548</b>	<b>2 127 696</b>
<b>Less: Allowance for impairment</b>		
> 365 days	(95 339 794)	(83 420 426)



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>6. Consumer debtors (continued)</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(83 420 426)	(73 725 274)
Contributions to allowance	(11 919 368)	(9 695 152)
	<b>(95 339 794)</b>	<b>(83 420 426)</b>

### Consumer debtors pledged as security

No consumer debtors were pledged as security for any liabilities.

### Fair value of consumer debtors

The fair value of consumer debtors approximates the carrying amount thereof.

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 064 299	451 661
Short-term deposits	-	10 378 254
Call account	2 355 276	2 337 096
	<b>3 419 575</b>	<b>13 167 011</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
FNB Bank - 52100005761	391 023	202 775	9 141 172	517 956	206 435	723 894
FNB Bank - 62051705534	389 636	245 227	1 189 742	546 343	245 227	1 577 818
Old Mutual	103 206	95 109	-	103 206	95 109	-
ABSA	110 606	103 202	-	110 606	103 202	-
Nedbank	2 141 463	2 038 297	-	2 141 464	2 038 297	-
Investec	-	10 378 254	-	-	10 378 254	-
Momentum RMB	-	100 488	-	-	100 487	-
<b>Total</b>	<b>3 135 934</b>	<b>13 163 352</b>	<b>10 330 914</b>	<b>3 419 575</b>	<b>13 167 011</b>	<b>2 301 712</b>

## 8. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	480 511	(258 487)	222 024	480 511	(249 446)	231 065

### Reconciliation of investment property - 2019

	Opening balance	Depreciation	Total
Investment property	231 065	(9 041)	222 024

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 8. Investment property (continued)

#### Reconciliation of investment property - 2018

	Opening balance	Depreciation	Total
Investment property	240 057	(8 992)	231 065

#### Pledged as security

No investment property asset was pledged as security for financial liabilities.

The useful lives of investment property were reviewed and possible impairment has been assessed at reporting date.

### 9. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	33 830 077	-	33 830 077	33 830 077	-	33 830 077
Buildings	214 142 097	(48 142 309)	165 999 788	203 771 396	(41 044 733)	162 726 663
Infrastructure	635 076 420	(106 353 912)	528 722 508	562 256 206	(87 385 210)	474 870 996
Other assets	62 745 080	(33 267 688)	29 477 392	50 669 361	(28 332 242)	22 337 119
Finance Leases	1 054 641	(718 811)	335 830	1 054 641	(367 585)	687 056
WIP - Infrastructure	43 564 468	-	43 564 468	53 045 851	-	53 045 851
WIP - Buildings	106 060 930	-	106 060 930	67 528 840	-	67 528 840
<b>Total</b>	<b>1 096 473 713</b>	<b>(188 482 720)</b>	<b>907 990 993</b>	<b>972 156 372</b>	<b>(157 129 770)</b>	<b>815 026 602</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers in	Transfers out	Depreciation	Impairment loss	Total
Land	33 830 077	-	-	-	-	-	33 830 077
Buildings	162 726 663	413 887	9 956 254	-	(7 027 324)	(69 692)	165 999 788
Infrastructure	474 870 996	1 573 781	71 246 433	-	(18 183 954)	(784 748)	528 722 508
Other assets	22 338 359	11 937 101	138 617	-	(4 748 485)	(188 200)	29 477 392
Finance Leases	687 056	-	-	-	(351 226)	-	335 830
WIP - Infrastructure	53 045 851	60 015 349	-	(69 496 732)	-	-	43 564 468
WIP - Buildings	67 528 840	50 376 664	-	(11 844 574)	-	-	106 060 930
	<b>815 027 842</b>	<b>124 316 782</b>	<b>81 341 304</b>	<b>(81 341 306)</b>	<b>(30 310 989)</b>	<b>(1 042 640)</b>	<b>907 990 993</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	33 830 077	-	-	-	-	-	-	33 830 077
Buildings	132 592 102	-	-	37 204 740	-	(6 237 927)	(832 252)	162 726 663
Infrastructure	427 605 494	-	-	64 016 978	-	(16 195 939)	(555 537)	474 870 996
Other assets	23 677 348	4 592 850	(474 836)	-	(687 055)	(4 628 267)	(141 681)	22 338 359
Finance Leases	687 056	-	-	-	-	-	-	687 056
WP - Infrastructure	36 691 239	76 546 190	-	-	(60 191 578)	-	-	53 045 851
WP - Buildings	35 929 340	72 629 659	-	-	(41 030 159)	-	-	67 528 840
	<b>691 012 656</b>	<b>153 768 699</b>	<b>(474 836)</b>	<b>101 221 718</b>	<b>(101 908 792)</b>	<b>(27 062 133)</b>	<b>(1 529 470)</b>	<b>815 027 842</b>

#### Pledged as security

None of the property, plant and equipment are pledged as security for financial liabilities.

The residual value and useful lives of property plant and equipment were reviewed and possible impairment has been assessed at reporting date

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 9. Property, plant and equipment (continued)

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Infrastructure	16 747 243	2 844 000
Other assets ( Motor vehicles, machines and other)	6 551 884	5 471 650
Buildings	727 270	931 302
	<b>24 026 397</b>	<b>9 246 952</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 10. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 319 316	(1 185 494)	133 822	1 319 316	(1 134 035)	185 281

#### Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	185 281	(51 459)	133 822
	<b>185 281</b>	<b>(51 459)</b>	<b>133 822</b>

#### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	116 697	148 800	(80 216)	185 281

#### Pledged as security

No intangible assets were pledged as security:

#### Other information

The residual value and useful lives of intangible assets were reviewed and possible impairment has been assessed at reporting date

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 11. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Waterfall picnic site	103 000	-	103 000	103 000	-	103 000
Historical monuments and statues	190 500	-	190 500	190 500	-	190 500
Mayoral gold chain	195 000	-	195 000	195 000	-	195 000
Paintings	60 000	-	60 000	60 000	-	60 000
<b>Total</b>	<b>548 500</b>	<b>-</b>	<b>548 500</b>	<b>548 500</b>	<b>-</b>	<b>548 500</b>

#### Reconciliation of heritage assets 2019

	Opening balance	Total
Waterfall picnic site	103 000	103 000
Historical monuments and statues	190 500	190 500
Mayoral gold chain	195 000	195 000
Painting	60 000	60 000
	<b>548 500</b>	<b>548 500</b>

#### Reconciliation of heritage assets 2018

	Opening balance	Total
Waterfall picnic site	103 000	103 000
Historical monuments and statues	190 500	190 500
Mayoral gold chain	195 000	195 000
Other (specify class)	60 000	60 000
	<b>548 500</b>	<b>548 500</b>

### Pledged as security

No carrying value of heritage assets were pledged as security

### 12. Payables from exchange transactions

Trade payables	30 949 020	20 644 276
Payments received in advance	1 434 310	748 671
Retentions	22 169 049	22 562 492
Accrued leave pay	12 102 191	9 202 307
Accrued annual bonus	1 737 441	1 424 336
Other payables	-	182 708
Unkown deposits	2 410 685	1 755 438
	<b>70 802 696</b>	<b>56 520 228</b>

### 13. Consumer deposits

Electricity	378 839	383 334
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Consumer deposits are raised when a services account is opened and is refunded to the consumer after the account is closed.

No interest is paid on consumer deposits.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Finance Management Grant (FMG)	4 874	-
Integrated National Electrification Grant ( INEP)	-	353 553
	<b>4 874</b>	<b>353 553</b>

### Movement during the year

Balance at the beginning of the year	353 553	643 677
Additions during the year	91 103 478	69 307 000
Income recognition during the year	(91 452 157)	(69 597 124)
	<b>4 874</b>	<b>353 553</b>

### 15. Employee benefit obligations

#### Defined benefit plans

The total amounts recognised in the statement of financial position are as follows:

Defined benefit obligation - Post retirement medical aid plan	9 257 717	9 547 636
Defined benefit obligation - Long service awards	4 013 041	3 360 218
	<b>13 270 758</b>	<b>12 907 854</b>

#### 15.1 Post retirement medical aid plan

The post-employment health care benefits valuation considers all current employees, retired employees and their dependants who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation is 30 June 2019.

The amounts recognised in the statement of financial position are as follows:

Present value of the defined benefit obligation unfunded	9 257 717	9 547 636
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	9 547 636	9 200 742
Benefits paid	(95 325)	(89 264)
Net expenses recognised in the statement of financial performance	(194 594)	436 158
	<b>9 257 717</b>	<b>9 547 636</b>

#### Net expense recognised in the statement of financial performance in general expenses

Current service costs	844 756	844 183
Interest cost	936 637	967 924
Actuarial (gains) / Losses	(1 975 987)	(1 375 949)
	<b>(194 594)</b>	<b>436 158</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>15. Employee benefit obligations (continued)</b>		
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) / losses - Obligation	(1 975 987)	(1 375 949)
<b>Key assumptions used</b>		
Discounted rates used	9,76 %	9,84 %
Medical aid contribution	7,16 %	7,56 %
Average retirement age	62	63

### The basis on which the medical aid inflation rate has been determined is as follows:

The medical aid inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period .

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

### The basis on which the discount rate has been determined is as follows:

GRAP 25 defines the determination of the Discount rate assumption to be as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefits payments, an entity uses current markets rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve"

We used the nominal and real zero curves as at 30 June 2017 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations. We have changed this methodology from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregated of the service cost and interest cost	2 163 000	1 657 000

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	9 257 717	9 547 636	9 200 742	8 285 000	7 644 119
Surplus (deficit)	(9 257 717)	(9 547 636)	(9 200 742)	(8 285 000)	(7 644 119)

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 15. Employee benefit obligations (continued)

#### 15.2 Long service awards obligation

Long service benefits are awarded in the form of a percentage of salary and a number of leave days once an employee has completed a certain number of years in service.

An actuarial valuation of the obligation has been performed by Arch Actuarial Consulting on all 258 employees that are entitled to long service awards as at 30 June 2019 (2018: 205). As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability.

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	4 013 049	3 360 218
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 366 902	3 015 427
Benefits paid	(240 490)	(338 858)
Net expense recognised in the statement of financial performance	893 321	690 333
	<b>4 019 733</b>	<b>3 366 902</b>

Net expense recognised in the statement of financial performance in general expenses

Current service cost	370 773	347 109
Adjustments	(11 767)	47 691
Interest cost	278 162	245 748
Actuarial (gains) losses	256 153	49 785
	<b>893 321</b>	<b>690 333</b>

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	256 153	49 785
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#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8,21 %	8,61 %
Expected increase in salaries	6,50 %	6,21 %
Average retirement age	62	63

The basis on which the normal salary inflation rate has been determined is as follow:

We have derived the underlying future rate of consumer price index (CPI inflation) from the relationship between the ( yield curve based) inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus. The salaries used in the valuation include an assumed increase on 1 July 2019 of 6.50%. The next salary increase was assumed to take place on 1 July 2020.

The basis on which the discount rate has been determined is as follow:

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 15. Employee benefit obligations (continued)

We use the nominal and real zero curves as at 30 June 2019 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

#### Other assumptions

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retirees. A one percentage point change in assumed normal salary inflation rate would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	747 700	643 500

Amounts for the current and previous four years are as follows:

	2019	2018	2017	2016	2015
Defined benefit obligation	4 013 049	3 360 218	3 015 427	2 933 023	2 746 341
Plan assets	(4 013 049)	(3 360 218)	(3 015 427)	(2 933 023)	(2 746 341)

#### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to some of its employees. A number of defined contribution pension funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as a defined contribution plans:

- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employees Pension Fund

### 16. Provisions

#### Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Landfill rehabilitation	314 609	49 391	364 000

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Landfill rehabilitation	296 801	17 808	314 609

#### Landfill rehabilitation provision

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002), it is required from the municipality to execute the environmental management program to restore landfill sites and quarries.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>17. Service charges</b>		
Sale of electricity	11 823 591	9 667 754
Refuse removal	4 550 821	4 193 295
	<b>16 374 412</b>	<b>13 861 049</b>
<b>18. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	1 139 635	1 621 315
Interest received - Investments	500 403	2 984 229
	<b>1 640 038</b>	<b>4 605 544</b>
<b>19. Property rates</b>		
<b>Rates earned</b>		
Residential	6 098 164	3 888 155
Commercial	2 921 239	1 504 506
Government	620 917	459 758
Municipal	-	273 220
Other	57 758	2 474 129
	<b>9 698 078</b>	<b>8 599 768</b>
<b>20. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	243 262 669	222 507 999
Finance Management Grant	2 145 000	2 145 000
Extended Public Works Programme	1 521 000	2 384 000
	<b>246 928 669</b>	<b>227 036 999</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	76 460 011	58 368 000
Integrated National Electrification Grant	5 983 000	6 290 124
	<b>82 443 011</b>	<b>64 658 124</b>
	<b>329 371 680</b>	<b>291 695 123</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Finance Management Grant (FMG)</b>		
Current-year receipts	2 145 000	2 145 000
Conditions met - transferred to revenue	(2 140 116)	(2 145 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>4 884</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 14).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 20. Government grants and subsidies (continued)

#### Municipal Infrastructure Grant (MIG)

Current-year receipts	80 394 304	61 162 000
Conditions met - transferred to revenue	(80 394 304)	(61 162 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

This grant was used to construct municipal infrastructure to provide basic services for the benefit of communities. In 2018/19 and 2017/18 financial years all the conditions of the grant were met.

#### Extended Public Works Grant (EPWP)

Current-year receipts	1 521 000	2 384 000
Conditions met - transferred to revenue	(1 521 000)	(2 384 000)
	<b>-</b>	<b>-</b>

#### Intergrated National Electrification Grant (INEG)

Balance unspent at beginning of year	353 553	643 677
Current-year receipts	5 983 000	6 000 000
Conditions met - transferred to revenue	(6 336 553)	(6 290 124)
	<b>-</b>	<b>353 553</b>

### 21. Revenue

Service charges	16 374 412	13 861 049
Rental of facilities and equipment	61 656	169 074
Interest received - outstanding receivables	18 723 671	10 309 711
Agency services	2 702 473	2 258 635
Licences and permits	3 474 673	2 693 125
Other income	1 693 421	842 363
Gain on assets	-	203 603
Interest received - investment	1 640 038	4 605 544
Property rates	9 698 078	8 599 768
Government grants and subsidies	329 371 680	291 695 123
Traffic fines	548 300	993 006
Gain on assets	508 163	-
	<b>384 796 565</b>	<b>336 231 001</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	16 374 412	13 861 049
Rental of facilities and equipment	61 656	169 074
Interest received - outstanding receivables	18 723 671	10 309 711
Agency services	2 702 473	2 258 635
Licences and permits	3 474 673	2 693 125
Other income	1 693 421	842 363
Gain on assets	-	203 603
Interest received - investment	1 640 038	4 605 544
	<b>44 670 344</b>	<b>34 943 104</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 21. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	9 698 078	8 599 768
<b>Transfer revenue</b>		
Government grants and subsidies	329 371 680	291 695 123
Traffic fines	548 300	993 006
Gain on assets	508 163	-
	<b>340 126 221</b>	<b>301 287 897</b>

### 22. Employee related costs

Salaries and wages	60 990 078	45 210 929
Annual bonus	3 316 743	2 922 409
Medical aid benefits	4 298 836	3 629 796
UIF	499 490	403 192
WCA	1 562 187	469 314
Leave pay provision charge	4 280 400	1 541 100
Pension fund and other fund contributions	11 512 597	10 137 519
Overtime payments	3 548 231	4 557 051
Travel and car allowance	5 017 345	4 333 619
Housing benefits and allowances	2 348 773	1 509 441
	<b>97 374 680</b>	<b>74 714 370</b>

#### Remuneration of Municipal Manager (DR Sirovha KI)

Annual Remuneration	799 762	256 356
Transport Allowance	180 000	57 800
Contributions to UIF, Medical and Pension Funds	60 000	171 838
Housing allowance	288 000	54 400
	<b>1 327 762</b>	<b>540 394</b>

#### Remuneration of Chief Finance Officer (Mankgabe MF)

Annual Remuneration	718 162	294 517
Car Allowance	165 000	82 800
Contributions to UIF, Medical and Pension Funds	88 000	92 029
Other Allowances	45 056	-
	<b>1 016 218</b>	<b>469 346</b>

MF Mankgabe was appointed effective from April 2018 to 31 May 2019. Mr L Mamatlepa acted for the month June 2019. His acting allowance is included above.

#### Remuneration of Director Technical Services (Malungana M)

Annual Remuneration	929 896	318 387
Contributions to UIF, Medical and Pension Funds	36 000	25 000
Other Allowances	12 000	15 000
	<b>977 896</b>	<b>358 387</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 22. Employee related costs (continued)

#### Remuneration of Director Corporate Services (Dr Letsoalo MB)

Annual Remuneration	720 480	240 160
Car Allowance	120 000	40 000
Contributions to UIF, Medical and Pension Funds	60 000	20 000
Other Allowances	48 000	-
	<b>948 480</b>	<b>300 160</b>

#### Remuneration of Director Community Services (Dr Mokoena M)

Annual Remuneration	659 895	319 510
Car Allowance	84 000	50 000
Contributions to UIF, Medical and Pension Funds	185 974	89 049
Other Allowance	36 000	-
	<b>965 869</b>	<b>458 559</b>

#### Remuneration of Director Development and Planning (Sewape MO)

Annual Remuneration	833 869	387 457
Car Allowance	36 000	-
Contributions to UIF, Medical and Pension Funds	60 000	-
Other	41 000	-
	<b>970 869</b>	<b>387 457</b>

#### Acting Municipal Manager (Mhangwana D)

Acting allowance	-	137 338
	<b>-</b>	<b>137 338</b>

D Mhangwane was Acting Municipal Manager from August 2017 to March 2018, seconded from Coghsta

#### Acting Chief Financial Officer (Mr Thoka BJ)

Annual Remuneration	-	270 451
Housing allowance	-	5 576
Bonuses	-	38 636
Contributions to UIF, Medical and Pension Funds	-	59 499
Acting allowance	-	58 269
Transport allowance	-	67 612
	<b>-</b>	<b>500 043</b>

BJ Thoka was Acting Chief Finance Officer from September 2017 to March 2018.

#### Acting Director Corporate Services (Dr Mokoena MD)

Annual Remuneration	-	370 534
Car Allowance	-	56 000
Bonuses	-	38 178
Contributions to UIF, Medical and Pension Funds	-	81 518
Acting allowance	-	39 226
	<b>-</b>	<b>585 456</b>

Dr MD Mokoena was Acting Director Corporate Services from July 2017 to February 2018.

# Greater Letaba Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>22. Employee related costs (continued)</b>		
<b>Acting Director Community Services (E Stoltz )</b>		
Annual Remuneration	-	270 451
Car Allowance	-	67 613
Performance Bonuses	-	38 635
Contributions to UIF, Medical and Pension Funds	-	86 596
Other	-	28 549
	-	<b>491 844</b>

Stoltz was Acting Community Services Director from August to February 2017

### 23. Remuneration of councillors

Mayor's salary	868 549	596 965
Executive committee salary	2 320 670	1 498 577
Speaker's salary	702 999	477 548
Councillors' salary	11 277 311	11 261 793
Travel allowance	3 426 914	4 613 222
Cell phone allowance	2 646 454	2 425 569
Back pay	701 083	-
	<b>21 943 980</b>	<b>20 873 674</b>

#### Remuneration per councillor

Refer to note 36 for detail of remuneration per councillor.

# Greater Letaba Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>24. Depreciation and amortisation</b>		
Property, plant and equipment	31 352 912	28 368 566
Investment property	8 992	8 992
Intangible assets	51 459	80 762
	<b>31 413 363</b>	<b>28 458 320</b>
<b>25. Bulk purchases</b>		
Electricity	14 766 931	14 679 655
<b>26. Contracted services</b>		
Meter Reading Services	420 000	155 919
Security Services	8 517 607	7 093 022
Refuse Removal	2 841 837	2 279 289
Other Contractors	9 742 358	4 428 203
<b>Contractors</b>	<b>21 521 802</b>	<b>13 956 433</b>
<b>27. General expenses</b>		
Advertising	1 491 222	655 379
Auditor's remuneration	4 820 424	4 233 634
Bank charges	406 710	287 010
Consulting and professional fees	6 142 298	4 997 213
Household Electrification	11 087 721	-
Entertainment	12 058	12 393
Insurance	1 673 713	1 576 398
Conferences and seminars	467 222	311 613
Stores and material	2 012 504	517 921
Fuel and oil	4 937 082	3 635 783
Postage and courier	-	25 780
Printing and stationery	1 303 808	775 898
SAIMSA games	1 351 300	667 745
Repairs and maintenance	24 146 589	9 246 952
Youth empowerment project and network upgrade	32 858	1 388 510
Youth desk development	175 708	351 006
Subscriptions and membership fees	1 423 343	2 527 805
Telephone and fax	2 876 045	1 386 847
Training	715 823	163 919
Travel - local	10 812 081	8 497 617
Lease rentals on operating lease	180 396	169 041
Electricity	3 627 580	3 625 002
Tourism development	-	42 951
Bursary scheme	1 359 179	1 626 902
Capacity building	67 510	85 543
Catering	856 093	369 218
Interns	2 494 872	3 003 646
Free basic services and rebates	742 059	854 724
Gender desk activities and development activities	2 815 669	1 698 213
Public participation	4 770 808	4 961 421
Workshops and meetings	4 399 921	3 611 250
Other expenses	8 541 866	6 441 777
	<b>105 744 462</b>	<b>67 749 111</b>

Included on "Other expenses" is skills levies, EPWP expenses e.t.c

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

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### 28. Auditor's remuneration

Fees	4 820 424	4 233 634
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### 29. Cash generated from operations

Surplus	64 602 344	96 599 538
<b>Adjustments for:</b>		
Depreciation and amortisation	31 413 363	28 458 320
Debt impairment	27 429 002	19 199 927
Movements in retirement benefit assets and liabilities	363 536	692 017
Movements in provisions	49 391	17 808
Fair value adjustment	(508 163)	-
Effect of prior period adjustment	-	64 169
Other Non cash items	3 142 749	-
<b>Changes in working capital:</b>		
Inventories	3 342 677	(5 487 275)
Receivables from exchange transactions	(18 384 012)	(18 801 552)
Consumer debtors	(16 416 220)	(8 854 852)
Other receivables from non-exchange transactions	(13 540 128)	(9 525 068)
Payables from exchange transactions	11 175 680	20 670 348
VAT	22 153 989	(11 883 478)
Unspent conditional grants and receipts	(348 679)	(290 124)
Consumer deposits	(4 495)	19 608
	<b>114 471 034</b>	<b>110 879 386</b>

### 30. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• capital	115 688 763	125 835 369
• Operation	55 473 238	24 064 631
	<b>171 162 001</b>	<b>149 900 000</b>

#### Total capital commitments

Already contracted for but not provided for	171 162 001	149 900 000
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#### Authorised operational expenditure

This committed expenditure relates to capital projects and contracted services and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

#### Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and lease payments are fixed. No contingent rent is payable.

#### Operating leases - as lessor (income)

Certain of the municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable.



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 31. Contingencies

#### Contingent Liabilities

##### Hennox 60 CC vs Greater Letaba Municipality

The plaintiff is suing the Municipality for damages caused to the plaintiff's house due to maintenance of the storm water pipes crossing the plaintiff's house R3 635 593 (2018: R3 635 593)

##### Monyela Masedi vs Greater Letaba Municipality

The plaintiff alleges that he suffered damages as a result of an accident caused by unmaintained roads by the municipality which allegedly led to his involvement in an accident. He is suing for general damages as well as loss of income R4 035 000. The case was subsequently withdrawn on 10 July 2019.

##### Star Miris Vs Greater Letaba Municipality

The plaintiff alleges that while appointed as a service provider for the municipality, the Municipality paid a person so authorised by the plaintiff. (R 7 069 436).

##### Giyani Cedrick Maluleke Vs Greater Letaba Municipality

The plaintiff is suing the Municipality for the unlawful arrest as he alleges that the municipal traffic officer arrested him on a case which was later withdrawn by the court (R 400 000).

##### Terror Trading enterprise Vs Greater Letaba Municipality

The plaintiff is suing the Municipality for the unlawful termination of Seatlaeleng Street Paving contract R4 374 783

### 32. Unauthorised expenditure

Opening balance	146 325 622	95 125 853
Unauthorised expenditure in the current year	75 088 605	51 199 769
<b>Closing balance</b>	<b>221 414 227</b>	<b>146 325 622</b>
<b>Reconciliation of budgeted vs actual expenditure - Per income statement</b>		
Actual expenditure	320 194 221	258 593 686
Approved budget	(275 463 000)	(223 599 635)
Over spending of operating budget	44 731 221	34 994 051
<b>Total net effect of overspending of budget</b>	<b>44 731 221</b>	<b>34 994 051</b>

The overall budget for expenditure for 2019 was overspend:

The unauthorised expenditure during 2019 amounting to R75 088 605 was as a result of overspending on Executive and Council, community services, Technical Services, and Budget & Treasury related to non-cash item for provision for bad debts and depreciation, of which R52 428 132 was operational and R22 660 473 was capital.

The unauthorised expenditure during 2018 was as a result of overspending of R51 199 769 on Executive and Council, related to non-cash item for provision for bad debts and depreciation and infrastructure Development and Planning Vote.

These over expenditure amounts are not recoverable and must still be investigated and condoned by Council in terms of Section 32 of the MFMA.

### 33. Fruitless and wasteful expenditure

Opening balance	551 143	471 425
Interest paid and overpayments to the service provider	614 417	24 678
Stock losses due to theft and shortages	405 303	72 848
Less: Amounts written	-	(17 808)
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>1 570 863</b>	<b>551 143</b>

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>34. Irregular expenditure</b>		
Opening balance	124 392 210	181 581 241
Add: Irregular Expenditure - current year	38 123 076	85 971 567
Add: Irregular expenditure incurred in prior year but identified in current year	8 335 728	10 404 988
Less: Amounts written off	-	(153 565 586)
	<b>170 851 014</b>	<b>124 392 210</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	46 458 804	85 971 567
Prior years	124 392 210	38 420 643
	<b>170 851 014</b>	<b>124 392 210</b>

The Irregular expenditure was caused by non compliance with the SCM policy and regulations.

### 35. Additional disclosure in terms of Municipal Finance Management Act

#### SALGA

Current year subscription / fee	780 961	743 318
Amount paid - current year	(780 961)	(743 318)
	-	-

#### Audit fees

Current year fees	4 820 424	4 233 634
Amount paid - current year	(4 820 424)	(4 233 634)
	-	-

#### PAYE, UIF and SDL

Current year subscription / fee	20 393 658	16 783 040
Amount paid - current year	(20 393 658)	(16 783 040)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	24 305 303	18 997 423
Amount paid - current year	(24 305 303)	(18 997 423)
	-	-

#### VAT

VAT receivable	-	22 061 586
VAT payable	92 403	-
	<b>92 403</b>	<b>22 061 586</b>

#### Councillors' arrear consumer accounts

None of the Councillors had an arrear accounts outstanding for more than 30 days at 30 June 2019:(2018:0)

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 36. Related parties

#### Relationships

District Municipality

Mopani District Municipality (Water and Sewerage Transactions)

Members of key management

Dr KI Sirovha (Municipal Manager)

MF Mankgaba (Chief Financial Officer)

Dr MB Letsoalo (Director Corporate Services)

Dr M Mokoena (Director Community Services)

O Sewape (Director Town Planning)

M Malungana ( Director Technical Services)

Councillors - Refer to list of Councillors below

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial or operational decision.

During the financial year no Councillor or Official had any interest in related parties and no one could control or influence Council in making financial or operational decision.

The municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Related parties (continued)

#### Remuneration of Councillors

#### Remuneration per Councillor

2019

Name	Salary	Cellphone allowance	Car allowance	Back pay	Total
Hon Cllr MP Matlou (Mayor)	604 894	40 800	201 631	21 224	868 549
Hon Cllr MD Makhananisa (Speaker)	483 915	40 800	161 305	16 979	702 999
Cllr TJ Rababalela	253 093	40 800	84 364	8 880	387 137
Cllr MP Masela	253 093	40 800	84 364	8 880	387 137
Cllr MG Selowa	253 093	40 800	84 364	8 880	387 137
Cllr D Raphokwane	20 813	3 400	6 937	-	31 150
Cllr MM Mabeba	145 695	23 800	48 565	-	218 060
Cllr SM Rasetsoke	253 093	40 800	84 364	8 880	387 137
Cllr R Mosila	453 671	40 800	151 223	15 919	661 613
Cllr ND Modiba	453 671	40 800	151 223	15 917	661 611
Cllr MM Nkwana	453 671	40 800	151 223	15 917	661 611
Cllr MI Manyama	481 021	44 122	160 340	15 598	701 081
Cllr PJ Mampeule	453 671	40 800	151 223	15 917	661 611
Cllr SS Malatji	245 664	40 800	81 888	8 619	376 971
Cllr BE Ngobeni	245 664	40 800	81 888	8 619	376 971
Cllr MA Lebepe	245 664	40 800	81 888	8 619	376 971
Cllr MP Ngobeni	245 664	40 800	81 888	8 619	376 971
Cllr KE Ramaano	245 664	40 800	81 888	8 619	376 971
Cllr MM Mankgero	245 664	40 800	81 888	8 619	376 971
Cllr TJ Kgapano	245 664	40 800	81 888	8 619	376 971
Cllr PD Moroatshehla	16 485	2 774	5 495	-	24 754
Cllr N Selowa	245 664	40 800	81 888	8 619	376 971
Cllr M Mathedimosa	191 426	40 800	63 809	6 717	302 752
Cllr MF Manyama	158 682	34 000	52 894	6 716	252 292
Cllr TJ Senyolo	191 426	40 800	63 808	6 716	302 750
Cllr ZT Maluleke	191 426	40 800	63 808	6 716	302 750
Cllr ME Mathaba	217 594	40 800	72 531	6 987	337 912

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Related parties (continued)

Cllr PP Ralephatana	191 426	40 800	63 808	6 716	302 750
Cllr V Nkuna	191 426	40 800	63 808	6 716	302 750
Cllr MR Maake	191 426	40 800	63 808	6 716	302 750
Cllr MR Motsinone	191 426	40 800	63 808	6 716	302 750
Cllr CM Rasetsoke	191 426	40 800	63 808	6 716	302 750
Cllr MP Makomene	191 426	40 800	63 808	6 716	302 750
Cllr M Ramoba	191 426	40 800	63 808	6 716	302 750
Cllr MM Selomo	191 426	40 800	63 808	6 716	302 750
Cllr ME Ralefatane	191 426	40 800	63 808	6 716	302 750
Cllr MP Monaiwa	191 426	40 800	63 808	6 716	302 750
Cllr MB Maenetsa	248 022	40 800	82 674	8 610	380 106
Cllr MV Rampedi	191 426	40 800	63 808	6 716	302 750
Cllr PC Pohl	142 310	30 600	47 436	6 506	226 852
Cllr KB Monyela	191 426	40 800	63 808	6 716	302 750
Cllr MS Kgatla	191 426	40 800	63 808	6 716	302 750
Cllr PJ Mohale	191 426	40 800	63 808	6 716	302 750
Cllr MF Hlapane	191 426	40 800	63 808	6 716	302 750
Cllr MV Mangoro	191 426	40 800	63 808	6 716	302 750
Cllr SB Rampyapedi	191 426	40 800	63 808	6 716	302 750
Cllr DG Rabothata	191 426	40 800	63 808	6 716	302 750
Cllr NF Lebeko	200 704	40 800	66 901	33 534	341 939
Cllr NL Seshoka	191 426	40 800	63 808	6 716	302 750
Cllr MEC Ndobela	191 426	40 800	63 808	6 716	302 750
Cllr ME Ramabela	191 426	40 800	63 808	6 716	302 750
Cllr RG Baloyi	191 426	40 800	63 808	6 716	302 750
Cllr R Ratlhaha	191 426	40 800	63 808	6 716	302 750
Cllr WP Selema	191 426	40 800	63 808	6 716	302 750
Cllr S Selamolela	241 203	40 800	80 132	8 144	370 279
Cllr SJ Hlungwani	191 426	40 800	63 808	6 716	302 750
Cllr ME Masedi	191 426	40 800	63 808	6 716	302 750
Cllr SL Mohale	191 426	40 800	63 808	6 716	302 750
Cllr MJ Ramalobela	175 684	37 400	58 561	5 877	277 522
Cllr GH Modjadji	191 426	40 800	63 808	6 716	302 750
Cllr MJ Mohale	128 457	27 200	42 819	3 358	201 834
Cllr MM Mabeba	81 230	17 000	27 076	8 610	133 916
Cllr Raphokwane	175 684	37 400	58 561	6 716	278 361

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Related parties (continued)

	14 248 967	2 420 096	4 749 359	525 198	21 943 620
2018					
Name	Salary	Cellphone Allowance	Car Allowance	Commission, gain or surplus sharing arrangement	Total
Hon Cllr MP Matlou (Mayor)	596 935	40 800	198 978	-	836 713
Hon Cllr MD Makhananisa (Speaker)	477 548	40 800	159 183	-	677 531
Cllr TJ Rababalela	249 764	40 800	83 254	-	373 818
Cllr MP Masela	249 760	40 800	83 254	-	373 814
Cllr MG Selowa	249 764	40 800	83 254	-	373 818
Cllr D Raphokwane	249 764	40 800	83 254	-	373 818
Cllr MM Mabeba	249 764	40 800	83 254	-	373 818
Cllr SM Rasetsoke	249 764	40 800	83 254	-	373 818
Cllr R Mosila	447 702	40 800	149 234	-	637 736
Cllr ND Modiba	447 702	40 800	149 234	-	637 736
Cllr MM Nkwana	447 702	40 800	149 234	-	637 736
Cllr MI Manyama	219 913	20 868	73 304	-	314 085
Cllr PJ Mampeule	447 702	40 800	149 234	-	637 736
Cllr SS Malatji	242 432	40 800	80 810	-	364 042
Cllr BE Ngobeni	242 432	40 800	80 810	-	364 042
Cllr MA Lebepe	242 432	40 800	80 810	-	364 042
Cllr MP Ngobeni	242 432	40 800	80 810	-	364 042
Cllr KE Ramaano	242 432	40 800	80 810	-	364 042
Cllr MM Mankgero	242 432	40 800	80 810	-	364 042
Cllr TJ Kgapané	242 432	40 800	80 810	-	364 042
Cllr PD Moroatshehla	242 432	40 800	80 810	-	364 042
Cllr N Selowa	242 432	40 800	80 810	-	364 042
Cllr M Mathedimosa	188 908	40 800	62 969	-	292 677
Cllr MF Manyama	188 908	40 800	62 969	-	292 677
Cllr TJ Senyolo	188 908	40 800	62 969	-	292 677
Cllr ZT Maluleke	174 056	58 702	59 919	-	292 677
Cllr ME Mathaba	188 908	40 800	62 969	-	292 677

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Related parties (continued)

Cllr PP Ralephatana	188 908	40 800	62 969	-	292 677
Cllr V Nkuna	188 908	40 800	62 969	-	292 677
Cllr MR Maake	188 908	40 800	62 969	-	292 677
Cllr MR Motsinone	188 908	40 800	62 969	-	292 677
Cllr CM Rasetsoke	188 908	40 800	62 969	-	292 677
Cllr MP Makomene	188 908	40 800	62 969	-	292 677
Cllr M Ramoba	188 908	40 800	62 969	-	292 677
Cllr MM Selomo	188 908	40 800	62 969	-	292 677
Cllr ME Ralefatane	188 908	40 800	62 969	-	292 677
Cllr MP Monaiwa	188 908	40 800	62 969	-	292 677
Cllr MB Maenetsa	188 908	40 800	62 969	-	292 677
Cllr MV Rampedi	188 908	40 800	62 969	-	292 677
Cllr PC Pohl	188 908	40 800	62 969	-	292 677
Cllr KB Monyela	188 908	40 800	62 969	-	292 677
Cllr MS Kgatla	188 908	40 800	62 969	-	292 677
Cllr PJ Mohale	188 908	40 800	62 969	-	292 677
Cllr MF Hlapane	188 908	40 800	62 969	-	292 677
Cllr MV Mangoro	188 908	40 800	62 969	-	292 677
Cllr SB Rampyapedi	188 908	40 800	62 969	-	292 677
Cllr DG Rabothata	188 908	40 800	62 969	-	292 677
Cllr NF Lebeko	188 908	40 800	62 969	-	292 677
Cllr NL Seshoka	188 908	40 800	62 969	-	292 677
Cllr MEC Ndobela	188 908	40 800	62 969	-	292 677
Cllr ME Ramabela	188 908	40 800	62 969	-	292 677
Cllr RG Baloyi	188 908	40 800	62 969	-	292 677
Cllr R Ratlhaha	188 908	40 800	62 969	-	292 677
Cllr WP Selema	188 908	40 800	62 969	-	292 677
Cllr S Selamolela	188 908	40 800	62 969	-	292 677
Cllr SJ Hlungwani	188 908	40 800	62 969	-	292 677
Cllr ME Masedi	188 907	40 800	62 969	-	292 676
Cllr SL Mohale	188 907	40 800	62 969	-	292 676
Cllr MJ Maluleke	94 454	20 400	31 485	-	146 339
Cllr GH Modjadji	188 907	40 800	62 969	-	292 676
	<b>13 834 867</b>	<b>2 425 570</b>	<b>4 613 206</b>	<b>-</b>	<b>20 873 643</b>

### Executive management

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

### 36. Related parties (continued)

2018

### 37. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. The total deviations for the year under review amounted to R3 789 910 (2018: R3 550 897)

### 38. Financial instruments disclosure

#### Categories of financial instruments

2019

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	88 509 035	88 509 035
Other receivables from non-exchange transactions	6 472 303	6 472 303
Consumer debtors	6 624 548	6 624 548
Cash and cash equivalents	3 419 575	3 419 575
	<b>105 025 461</b>	<b>105 025 461</b>



# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### Financial instruments disclosure (continued)

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	70 802 695	70 802 695

#### 2018

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	74 918 907	74 918 907
Other receivables from non-exchange transactions	3 647 924	3 647 924
Consumer debtors	2 127 696	2 127 696
Cash and cash equivalents	13 167 011	13 167 011
VAT Receivable	22 061 586	22 061 586
	<b>115 923 124</b>	<b>115 923 124</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	56 414 021	56 414 021

### 39. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### Default and breaches

There was no fault and breaches for the applicable liabilities of the municipality

#### Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. No changes were made to the funding method and method used to assess the risk.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 39. Risk management (continued)

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	378 839	-	-	-
Unspent grant	4 874	-	-	-
Trade and other payables	70 802 695	-	-	-
VAT Payable	92 403	-	-	-
Provision	364 000	-	-	-
Finance lease obligation	390 496	-	-	-
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposit	383 334	-	-	-
Unspent grant	353 553	-	-	-
Trade and other payables	56 414 021	-	-	-
Provision	314 609	-	-	-
Finance Lease Obligation	800 347	-	-	-

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed on through implementation of the municipality credit risk policy.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an annual basis. The municipality is required in terms of law to provide services to all its customer base within its jurisdiction. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. No changes were made on the method of assessment.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2019	30 June 2018
Other receivables from exchange transactions	88 509 035	74 918 907
Other receivables from non exchange transactions	6 472 302	3 647 924
Cash and cash equivalent	3 419 575	13 167 011
Consumer debtors	6 624 548	2 127 696
VAT receivables	-	22 061 586

For financial assets which are past due and impaired refer to note 4, 5 and 6. None of the financial assets terms have been re-negotiated. None of the financial assets were used as security or collateral

#### Market risk

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 39. Risk management (continued)

#### Interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest risk arises from receivables and financial assets

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the municipality does not have any long term borrowing.

The interest risk is managed through the implementation of the credit control policy by the revenue unit and applying a fixed interest rate. There was no change on the policy and the method used

#### Financial Liabilities

Employee benefit obligation	13 271 389	12 907 853
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### 40. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have a material impact on the unaudited annual financial statements.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand

2019

2018

### 41. Budget information

#### Explanation of variances between approved and final amounts

The reason for the variances between the approved budget and final budget are explained below. The adjustments made between the approved budget and final budget include virements that were made after the approval of the final adjustment budget. Virements are transfers from one operating cost element or capital project to another, and are made in accordance with the approved virement policy of the municipality.

#### Explanation of material variances: Final budget and actual amounts

.

Statement of financial performance

#### Revenue

##### Service charges

The underperformance was as a result of high expectation/optimism since Municipality was installing prepaid meter system.

##### Rental Facilities

Increased budget compared to prior year due to the completion of additional facilities that was ready for use by management.

##### Interest received (Trading)

Linked to prepaid meter installation for electricity because the plan was to apportion ne prepaid purchases by certain portions to reduce the outstanding debt.Special traetment for clients with large number of fleet.

##### Agency Services

Municipality revisited their clients relations and approach especially for the ones that were lost.Special traetment for clients with large number of fee

##### Licences and permits

Due to change in managements's approach to clients as for agency fees, management anticipated more licences and permits which however, did not materialise.

##### Interest on investment

Two call accounts were fully withdrawn which resulted in less interest income to what wa anticipated.

##### Other Income

Less responses on buying tender documents

##### Gains on disposal of assets

No assets were disposed

##### Property rates

There were plans to develop a portion in Modjadjiskloof which ended up not materialising.

##### Government Grants and subsidies

Counter funding on MIG Grants which led to more projects

##### Fines, penalties and Forfeits

Due to implementation of new prepaid system, the Municipality anticipated more fines and penalties due to anticipated tempering of meters judging from past experience.

#### Expenditure

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 41. Budget information (continued)

#### Employee related costs

The variance is due to annual increase and filling of vacant posts.

#### Councillors Remuneration

There was an underspent because two councillors died and one resigned during the year. The other two councillors have not been replaced.

#### Depreciation and amortisation

Depreciation was higher than anticipated due additions of assets.

#### Debt impairment

The negative variance was caused by change in the methodology to recoverable rate.

#### Bulk purchases

Due to transition to prepaid meters users monitored their household usage and also illegal connections were reduced.

#### Contracted services

The actual expenditure is above the budget. The variance was due to additional securities to new completed facilities.

#### General expenses

A lot of maintenance of roads was undertaken during the year and this resulted in an increase in related expenditure such as advertising, fuel and oil.

#### Capital expenditure

Prior year overspending due to earlier implementation of projects resulted in current year underspending.

### 42. Material losses

Electricity distribution losses

Kwh units purchased from Eskom	(14 708 983)	(16 058 008)
Kwh units sold per billing system statistics	13 120 375	8 399 434
<b>Distribution losses</b>	<b>(1 588 608)</b>	<b>(7 658 574)</b>
	10,80 %	47,69 %

The losses are as a result of illegal connections, faulty meters, incorrect meter readings and other sundry distribution losses. The current year value of the losses was R1 342 369 ( 2018: R7 207 383)

### 43. VAT receivable

VAT	-	22 061 586
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All VAT returns have been submitted by the due date throughout the year

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>44. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	390 496	411 156
- in second to fifth year inclusive	-	389 190
<b>Present value of minimum lease payments</b>	<b>390 496</b>	<b>800 346</b>
Non-current liabilities	-	800 347
Current liabilities	390 496	-
	<b>390 496</b>	<b>800 347</b>

It is municipality policy to lease certain equipment under finance leases. The Municipality have entered into a finance lease to lease multipurpose printers with EduSolution

The average lease term was 3 years

Interest rates are linked to prime at the contract date.

### 45. Debt impairment

Debt impairment - consumer debtors	27 068 432	17 980 255
Debt impairment - traffic fines and other	410 525	1 219 672
	<b>27 429 002</b>	<b>19 199 927</b>

### 46. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus of R 937 196 646 and that the municipality's total assets exceed its liabilities by R937 196 646.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 47. Prior period error

The following prior period errors were identified and the corrections have now been made to amounts previously reported in the annual financial statements of the Municipality.

#### Property, Plant and Equipment:

Accumulated depreciation related to Property plant and equipment was misstated in prior year by R222 507. The error was corrected in current year

Property, Plant and equipment related to roads was misstated in prior year due to retention of R238 772.34. The error was corrected in current year

#### Finance lease obligations:

Finance Lease liabilities were misstated in prior year by R64 168.69. The error was corrected in current year and results in an increase in General expenses

#### Payables from exchange transactions

The retentions to the value of R274 486 was not raised in the year 2018

#### VAT Receivable

VAT of R35 802 relating to retentions was not raised.

# Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2019

## Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 47. Prior period error (continued)

#### Contracted Services

Contracted services was understated by R73 344.45 due to invoices not received from the service provider.

#### General expenditure

General expenses to the value of R32 857.59 was not recorded. Further, payments of licences and permits fees collected on behalf of the Department of Transport was incorrectly classified as General expenses. The expenditure has been reclassified to Revenue.

#### Depreciation

Depreciation was overstated by R222 507.

The correction of the errors results in adjustments as follows:

#### Statement of financial position

	As previously reported	Correction of error	Re - Classification	2018 Restated
Property, plant and equipment	814 565 410	222 507	238 772	815 026 689
Vat receivable	22 025 783	35 802	-	22 061 585
Payables from exchange transactions	(56 139 539)	(380 684)	-	(56 520 223)
Finance Lease Obligations	(736 178)	(64 169)	-	(800 347)
	<b>779 715 476</b>	<b>(186 544)</b>	<b>238 772</b>	<b>779 767 704</b>

#### Statement of financial performance

	As previously reported	Correction of error	Reclassification	2018 Restated
License and permits	(10 675 069)	-	7 981 944	(2 693 125)
Depreciation and amortisation	28 680 827	(222 507)	-	28 458 320
Contracted services	13 883 089	73 344	-	13 956 433
General expenses	75 634 028	97 027	(7 981 944)	67 749 111
	<b>107 522 875</b>	<b>(52 136)</b>	<b>-</b>	<b>107 470 739</b>

# **CHAPTER 6**

## **AUDITOR-GENERAL AUDIT FINDINGS**



## 6.1. INTRODUCTION

The MSA S45 states that the results of performance measurement in terms of S41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

This chapter provides an overview of the Auditor-General Report of the previous financial year. Specific topics that should receive attention include: Detail on issues raised during the previous financial year and remedial action taken to address the above and preventative measures. The municipality has received for 2017/2018 and 2018/19 financial years **Unqualified Audit Opinion** consecutively. In response to the Auditor General's audit opinion, the municipality has developed an AG action plan in order to ensure that auditor's findings are corrected.

In order to improve the capacity and attain a clean audit opinion (unqualified audit opinion without matters) in 2019/2020 financial year, the municipality shall ensure that employees are trained in financial and performance management. The municipality shall ensure forward planning when implementing projects in order to accelerate the implementation of projects.

# Report of the auditor-general to Limpopo Provincial Legislature and the council on Greater Letaba Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Greater Letaba Local Municipality set out on pages 1 to 72, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement, statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa 2003, (Act No 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2018 (Act No 1 2018) (DoRA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

### **Material impairments**

8. As disclosed in notes 4, 5 and 6 to the financial statements, material impairments amounting to R6 026 853, R67 266 015 and R95 339 794 were made to receivables from exchange transactions and receivables from non-exchange transactions respectively, as a result of irrecoverable debt.

### **Unauthorised expenditure**

9. As disclosed in note 32 to the financial statements, the municipality incurred unauthorised expenditure amounting to R75 088 605 due to overspending on capital and operational projects.

### **Irregular expenditure**

10. As disclosed in note 34 to the annual financial statements, the municipality incurred irregular expenditure amounting to R46 458 804 due to non-compliance to supply chain management requirement.

### **Material losses – electricity**

11. As disclosed in note 42 to the financial statements, material electricity losses of R1 588 608 (2018: R7 658 574) was incurred, which represents 10.8% (2018:47,69%) of total electricity purchased. The losses were due to illegal connections, faulty meters, incorrect meter readings and other sundry distribution losses

### **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected Development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 2: Basic services	13 to 14
KPA 4: Municipal financial viability	16 to 21

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for these development priorities:
- KPA 2: Basic services
  - KPA 4: Municipal financial viability

### Other matters

21. I draw attention to the matters below.

## Achievement of planned targets

22. Refer to the annual performance report on pages 13 to 14; 16 to 21 for information on the achievement of planned targets for the year. This information should be considered in the context of the findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 23 of this report.

## Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: basic services, KPA 4: municipal financial viability development priorities. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements, performance and annual reports

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management

27. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R75 088 605, as disclosed in note 32 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of approved budget.
28. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 019 720, as disclosed in note 33 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payment as well as stock losses due to stock shortage and theft.
29. Reasonable steps were not taken to prevent irregular expenditure amounting to R46 458 804 as disclosed in note 34 to the annual financial statements, as required by section 62(1)(d) of

the MFMA. The majority of the irregular expenditure was caused by non-compliance to supply chain management requirement.

### Consequences management

- 30. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 31. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### Asset management

- 32. Funds were invested at a mutual bank, in contravention of municipal investment regulation 6.

### Procurement and contract management

- 33. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of Supply Chain Management (SCM) regulation 27(2)(a).
- 34. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the preferential procurement regulations.
- 35. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).

### Other information

- 36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
- 37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract

this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

### Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, and the findings on compliance with legislation included in this report.
41. There was no detailed review of the financial statements, resulting in several misstatements not identified and corrected.
42. The basic accounting principles of daily and monthly accounting and reconciling have not been implemented.
43. Supply chain management processes were inadequate resulting in irregular expenditure.
44. The financial statements were not reviewed for accuracy and completeness by the accounting officer.

### Other reports

45. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
46. A law enforcement agency investigated two employees on allegations of bribery and corruption. The investigation concluded after 30 June 2019. The employees were criminally charged. Before the internal disciplinary processes started, the employees resigned.

*Auditor-General*  
Polokwane

13 December 2019



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Greater Letaba Local Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



### 6.3. REMEDIAL ACTION TO ADDRESS THE AUDIT EXCEPTIONS

<b>Audit opinion</b>		<b>Unqualified</b>										
<b>Financial</b>		<b>2018/2019</b>										
<b>Reporting Period</b>		<b>2019/2020</b>										
<b>SUMMARY OF ACTIONS</b>	<b>No</b>	<b>Implemented</b>	<b>Not implemented</b>	<b>% implemented</b>	<b>% not implemented</b>							
AFS	1		1									
Revenue	4		4									
Assets	1		1									
Expenditure	1		1									
SCM	24		24									
Human	1		1									
ICT	1		1									
PMS	1		1									
<b>TOTAL</b>	<b>34</b>		<b>34</b>									
<b>Number</b>	<b>Reference to MR</b>	<b>Audit Findings</b>	<b>Category of Finding</b>	<b>Description of Finding</b>	<b>Finding status</b>	<b>Root Cause</b>	<b>Action Plan Description</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Directorate</b>	<b>Person Responsible</b>	<b>Position</b>
1	1	Non-compliance with legislation	Matters affecting the auditor's report	Expenditure management and consequence management	New	Financial and performance management; Review and monitor compliance with applicable laws and regulations	Strengthen internal controls (checklists and reviews) to prevent unauthorized, fruitless and wasteful expenditure and irregular expenditure; Institute investigation on unauthorized, fruitless, wasteful and irregular expenditure.	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
2	2	Non-compliance with legislation	Matters affecting the auditor's report	AFS submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA	New	There was no detailed review of AFS; basic accounting principles of daily and monthly accounting and reconciling not implemented	Preparation of quarterly financial statements, review and audit of quarterly financial statements. Review of daily and monthly transactions.	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
3	3/Cof 43 -1	Non-compliance with legislation	Matters affecting the auditor's report	Extension of contract not supported by a valid contract	New	Poor record keeping; financial and performance management	Implement a contract register which is updated on a monthly basis	01-Dec-19	30-Jun-20	Legal	Mathabatha TM	CFO
4	4/Cof 35 -2	Non-compliance with legislation	Matters affecting the auditor's report	The winning bidder did not pass the administrative phase	New	Financial and performance management; inadequate internal controls	Implement a compliance checklist for each bidder	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
5	5/Cof 35-3	Non-compliance with legislation	Matters affecting the auditor's report	Difference on the list of returnable documents between the winning bidder and the losing bidders	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
6	6/Cof 35-4	Non-compliance with legislation	Matters affecting the auditor's report	Losing bidder on the bid evaluation was evaluated further on the bid adjudication	New	Financial and performance management; inadequate internal controls	Referred to MPAC for investigation and consequence management	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
7	7/ Cof 35-5	Non-compliance with legislation	Matters affecting the auditor's report	Limitation of scope, the selected losing bidder's documents not submitted for audit	New	Poor record keeping; financial and performance management	Dedicated storage for Budget and Treasury documents	01-Dec-19	30-Jun-20	MM s Office	Dr Sirovha KI	MM
8	8/Cof 31 -1	Non-compliance with legislation	Matters affecting the auditor's report	Reasons for deviating were not recorded and approved by the Chief Financial Officer	New	Financial and performance management; inadequate internal controls	Implement an SCM compliance checklist	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
9	9/Cof 25-A-1	Non-compliance with legislation	Matters affecting the auditor's report	Winning bidder evaluation criteria different from losing bidders	New	Financial and performance management; inadequate internal controls	Referred to MPAC for investigation and consequence management	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
10	10/Cof 25-A-2	Non-compliance with legislation	Matters affecting the auditor's report	Specification included a brand name	New	Financial and performance management; inadequate internal controls	Specifications to be reviewed by the ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
11	11/Cof 25-B-1	Non-compliance with legislation	Matters affecting the auditor's report	Difference on the list of returnable documents between the winning bidder and the losing bidders	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
12	12/Cof 25-B-2	Non-compliance with legislation	Matters affecting the auditor's report	Bidder unfairly disqualified for altering documents without signing	New	Financial and performance management; inadequate internal controls	Implement a compliance checklist for each bidder	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
13	13/Cof 25-C-1	Non-compliance with legislation	Matters affecting the auditor's report	Specification included a brand name	New	Financial and performance management; inadequate internal controls	Specifications to be reviewed by the ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
14	14/Cof 25-D-1	Non-compliance with legislation	Matters affecting the auditor's report	The winning bidder did not pass the administrative phase	New	Financial and performance management; inadequate internal controls	Implement a compliance checklist for each bidder	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
15	15/Cof 23-1	Non-compliance with legislation	Matters affecting the auditor's report	Quotations did not follow normal supply chain process	New	Financial and performance management; inadequate internal controls	Implement an SCM compliance checklist	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
16	16/ Cof 15-1	Non-compliance with legislation	Matters affecting the auditor's report	Different evaluation criteria were published, printed and used during the bidding process for provision of security	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
17	17/Cof 15-2	Non-compliance with legislation	Matters affecting the auditor's report	Functionality criteria not adding up to 100	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
18	18/ Cof 15-3	Non-compliance with legislation	Matters affecting the auditor's report	The winning bidder did not pass the administrative phase	New	Financial and performance management; inadequate internal controls	Implement a compliance checklist for each bidder	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
19	19/ Cof 15-4	Non-compliance with legislation	Matters affecting the auditor's report	Bid specification did not make provision for sub-contracting	New	Financial and performance management; inadequate internal controls	Specifications to be reviewed by the ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
20	20/Cof 15-5	Non-compliance with legislation	Matters affecting the auditor's report	Limitation of scope, the original bid specifications approved by the accounting officer were not submitted for audit.	New	Poor record keeping; financial and performance management	Filing system for SCM documents	01-Dec-19	28-Feb	Budget & Treasury	Mathabatha TM	CFO
21	21/Cof 8-1	Non-compliance with legislation	Matters affecting the auditor's report	Service provider appointed before BAC approval	New	Financial and performance management; inadequate internal controls	Withdrawal of the investment	01-Dec-19	28-Feb-20	Budget & Treasury	Mathabatha TM	
22	22/Cof 8-2	Non-compliance with legislation	Matters affecting the auditor's report	Bidder disqualified for a requirement not part of the recommendations by the specification committee	New	Financial and performance management; Review and monitor compliance with applicable laws and regulations	Implement a compliance checklist for each bidder	01-Dec-19	30-Jun-20	Budget & Treasury	Dr Sirovha KI	MM
23	23/Cof 8—3	Non-compliance with legislation	Matters affecting the auditor's report	Bid documentation indicated incorrect preferential points allocated to be used in the evaluating of the bid	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Dr Sirovha KI	MM

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
24	24/ Cof 8-4	Non-compliance with legislation	Matters affecting the auditor's report	Determination of whether subcontracting is applicable to the tender not performed	New	Financial and performance management; inadequate internal controls	Tender documents to be reviewed by ASD SCM	01-Dec-19	30-Jun-20	Budget & Treasury	Dr Sirovha KI	MM
25	25/Cof 12-2	Non-compliance with legislation	Matters affecting the auditor's report	Investment not permitted by the Municipal investment regulation	New	Financial and performance management; inadequate internal controls	Withdrawal of the investment	01-Dec-19	28-Feb-20	Budget & Treasury	Mathabatha TM	CFO
26	26/Cof 10-3	Misstatement in annual performance report	Other important matters	Reported target is not measurable	New	Inadequate review of planning documents	Review the planning documents	-Dec-19	28-Feb-20	MM'S OFFICE	Ngolele J	MM
27	27/Cof 33-2	Misstatements in financial statements	Other important matters	Depreciation of assets at R 1 for more than 12 months on asset register and no further actions was taken to sell the assets or derecognize the assets.	New	Review and monitor compliance with applicable legislation	Annual assessment of the useful lives for all items of Property, Plant and Equipment; Investigation of the population of assets with zero to one rand (R0-R1) carrying value per the asset register.	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
28	28/Cof 34-4	Misstatements in financial statements	Administrative matters	Payment of travel claims made based on inadequate logbooks	New	Financial and performance management; inadequate controls over daily, monthly processing and payment of transactions	Investigation of the travel claims.	01-Dec-19	28-Feb-20	Budget & Treasury	Mathabatha TM	CFO

Number	Reference to MR	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Directorate	Person Responsible	Position
29	9/Cof 24-1	Misstatements in financial statements	Other important matters	CAATS audit revealed weakness with regard to the completeness, accuracy data processed by the SEBATA system	New	Financial and performance management; inadequate controls over daily, monthly processing and payment of transactions	Investigate and correct information not correctly recorded.	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
30	30/ Cof 42-1	Misstatements in financial statements	Other important matters	Debtors with two accounts number	New	Financial and performance management; Incorrect billing;	Investigate and recommend to council for write off	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
31	31/Cof 14-1	Internal control deficiency	Administrative matters	Purchase orders not approved by delegated official	New	Financial and performance management; inadequate internal controls	Implement an SCM compliance checklist	01-Dec-19	28-Feb-20	Budget & Treasury	Mathabatha TM	CFO
32	32/Cof 12-1	Internal control deficiency	Administrative matters	Cash handling, there is no controls in place to ensure that a receipt is issued for all cash collected by the municipality	New	Financial and performance management; inadequate internal controls	Installation of CCTV cameras	01-Dec-19	30-Jun-20	Budget & Treasury	Mathabatha TM	CFO
33	33/Cof 1-1	Internal control deficiency	Administrative matters	Leave policy not amended with the paternity leave	New	Review and monitor compliance with applicable legislation	Review of the basic conditions of employment policy	01-Dec-19	28-Feb-20	Corporate Services	Dr Letsoalo MB	CORPS
34	34/Cof 11-1	Internal control deficiency	Administrative matters	Approved information technology strategic plan is not in place	New	Leadership - oversight responsibility	Develop the information technology strategic plan	01-Dec-19	28-Feb-20	Corporate Services	Dr Letsoalo MB	CORPS

# **APPENDICES**



**APPENDIX A- COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE**

Councillors, Committees Allocated and Council Attendance 2018/19					
Council Members	Full Time/Part Time	Committee Allocated	*Ward and/ or Party Represented	Number of meetings held/ attended	Percentage Council Meetings Attendance
	FT/PT			%	%
Cllr Matlou MP	FT	EXCO	ANC	12/12	100%
Cllr Makhananisa MD	FT	N/A	ANC	12/12	100%
Cllr Mampeule PJ	FT	N/A	ANC	12/12	92%
Cllr Rababalela TJ	PT	Water & Sanitation Services	ANC	11/12	92%
Cllr Maeko –Nkwana MM	FT	Corporate and Shared Services	ANC	07/12	58%
Cllr Modiba ND	FT	Finance	ANC	11/12	92%
Cllr Rasetsoke SM	PT	Sports and Culture	ANC	12/12	100%
Cllr Mosila MR	FT	Infrastructure	ANC	09/12	75%
Cllr Selowa SG	PT	Health and Social Development	ANC	05/12	42%
Cllr Masela MP	FT	Economic Development, Housing & Spatial Planning	ANC	10/12	83%
Cllr Mabeba M.M	PT	Agriculture & Environment	EFF	11/12	92%
Cllr Raphokwane D	PT	Public Transport & Roads	EFF	07/12	67%
Cllr Manyama MI	FT	Municipal Public Accounts	ANC/ W4	11/12	92%
Cllr Mangoro MV	PT	Sports and Culture	ANC / W 1	12/12	12%

Cllr Rabothata DG	PT	Sports and Culture	ANC / W 2	05/12	42%
Cllr Malatji SS	PT	Infrastructure	ANC / W3	10/12	83%
Cllr Nkuna V	PT	Agriculture & Environment	ANC / W 5	04/13	33%
Cllr Lebepe MA	PT	Health and Social Development	ANC / W 6	11/12	92%
Cllr Mohale PJ	PT	MPAC	ANC / W 7	12/12	100%
Cllr Kgatla MS	PT	Health and Social Development	ANC / W 8	02/12	17%
Cllr Ralefatane ME	PT	MPAC	ANC/ W 9	10/12	83%
Cllr Rampedi MV	PT	Economic Development, Housing & Spatial Planning	ANC / W 10	08/12	67%
Cllr Ramaano KE	PT	Sports and Culture	ANC / W 11	12/12	100%
Cllr Masedi ME	PT	Infrastructure	ANC / W 12	11/12	92%
Cllr Selamolela S	PT	Water & Sanitation	ANC / W 13	11/12	92%
Cllr Lebeko NF	PT	Corporate and Shared Services	ANC / W 14	07/12	58%
Cllr Selema PW	PT	Agriculture & Environment	ANC / W 15	09/12	75%
Cllr Ngobeni MP	PT	Agriculture & Environment	ANC / W 16	08/12	67%
Cllr Mankgero MM	PT	Economic Development, Housing & Spatial Planning	ANC / W 17	10/12	83%
Cllr Ramoba M	PT	MPAC	ANC / W 18	10/12	92%
Cllr Monaiwa MP	PT	MPAC	ANC/ W 19	12/12	100%
Cllr Ratlhaha R	PT	Water & Sanitation	ANC/ W 20	12/12	100%
Cllr Monyela KB	PT	MPAC	ANC/ W 21	11/12	92%

Cllr Makomene MP	PT	Infrastructure	ANC/ W 22	09/12	75%
Cllr Ramabela ME	PT	Sports and Culture	ANC / W23	12/12	100%
Cllr Selowa N	PT	Water & Sanitation	ANC / W24	06/12	50%
Cllr Ngobeni BE	PT	Finance	ANC / W25	10/12	83%
Cllr Mohale MJ	PT	Economic Development, Housing and Spatial Planning	ANC /W 26	07/12	58%
Cllr Seshoka NL	PT	Public Transport & Roads	ANC/ W 27	11/12	92%
Cllr Hlungwani SJ	PT	Health & Social Development	ANC / W 28	11/12	92%
Cllr Hlapane MF	PT	Corporate & Shared Services	ANC/ W 30	11/12	92%
Cllr Kgapane TJ	PT	Public Transport & Roads	ANC/PR	11/12	92%
Cllr Baloyi RG	PT	Corporate and Shared Services	ANC/PR	12/12	100%
Cllr Maake MR	PT	MPAC	ANC/PR	10/12	83%
Cllr Manyama MF	PT	MPAC	ANC/PR	01/12	08%
Cllr Mathemodisa M	PT	MPAC	ANC/PR	10/12	83%
Cllr Ndobela M.E.C	PT	Water & Sanitation	ANC/PR	11/12	92%
Cllr Modjadji GH	PT	Economic Development, Housing & Spatial Planning	ANC/PR	02/12	17%
Cllr Selomo MM	PT	Economic Development, Housing & Spatial Planning	EFF/PR	05/12	42%
Cllr Mathaba E	PT	Infrastructure	EFF/PR	10/12	83%

Cllr Ralepatane PP	PT	Agriculture & Environment	EFF/PR	10/12	83%
Cllr Mohale SL	PT	Health and Social Development	EFF/PR	04/12	33%
Cllr Maenetja MB	PT	Sports Arts & Culture	EFF/PR	08/12	67%
Cllr Motsinoni MR	PT	Corporate & Shared Services	EFF/PR	05/12	42%
Cllr Ramalobela ML	PT	Sports Arts & Culture	EFF/PR	06/12	50%
Cllr Pohl FC	PT	Sports Arts & Culture	DA/PR	00/12	0%
Cllr Maluleke ZT	PT	Agriculture & Environment	DA/PR	05/12	42%
Cllr Senyolo J	PT	Public Transport & Roads	COPE /PR	02/12	07%
Cllr Rampyapedi S	PT	Economic Development, Housing & Spatial Planning	COPE /PR	07/13	54%
Cllr Rasetsoke MC	PT	Public Transport & Roads	LIRA /PR	09/12	92%

## APPENDIX B- COMMITTEES AND COMMITTEE PURPOSES

Committees (Other than Mayoral/ Executive Committee) and purpose of Committees	
Municipal Committees	Purposes of Committee
Corporate and Shared Services	Consider all organizational development, corporate and Auxiliary related matters and make recommendations to EXCO
Economic Development, Housing & Spatial Planning	To consider all economic development matters and make recommendations to EXCO
Public Transport & Roads	Consider all Roads matters and recommend to EXCO
Water & Sanitation Services	Consider all water and sanitation related matters and make recommendations to EXCO
Finance	Consider all budget, finance and related matters and make recommendations to EXCO.
Agriculture & Environment	Consider all Agriculture and environmental matters and recommend to EXCO
Health and Social Development	To consider all social matters and make recommendations to EXCO
Infrastructure	Consider all Infrastructure, Building, Electricity and Civil matters and recommend to EXCO
Sports and Culture	
Municipal Public Accounts	To play an oversight and make recommendations to council

## APPENDIX C- THIRD TIER ADMNISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager s Office	Municipal Manager: Dr K.I Sirovha
Corporate Services	Director Corporate: Dr M.B Letsoalo
Community Services	Director Community: DR M.D Mokoena
Budget and Treasury	Chief Financial Officer: Mrs M.F Mankgabe
Development & Town Planning	Director Planning: Mr M.O Sewape
Technical Services	Director Technical: Mr Malungana M.E

## **APPENDIX D: Functions of Municipality**

### **GREATER LETABA MUNICIPALITY'S POWERS AND FUNCTIONS**

- The provision and maintenance of childcare facilities;
- Development of local tourism;
- Municipal planning;
- Municipal roads and public transport;
- Administer public regulations;
- Administer billboards and display of advertisements in public areas;
- Administer cemeteries, funerals parlours and crematoriums;
- Cleansing;
- Control of public nuisances;
- Control of undertakings that sell liquor to the public;
- Ensure the provision of facilities for the accommodation, care and burial of
- animals
- Fencing and fences;
- Licensing and dogs;
- Licensing and control of undertakings that sell food to public;
- Administer and maintenance of local amenities;
- Development and maintenance of local sport facilities;
- Develop and administer markets;
- Development and maintenance of municipal parks and recreation;
- Regulate noise pollution;
- Administer pounds;
- Development and maintenance of disposal;
- Administer street trading;
- The imposition and collection of taxes and surcharges on fees as related to the municipal's function;
- Receipt and allocation of grants made to the municipalities;
- Imposition and collection of other taxes, levies and duties as related to the Municipality's functions;
- Refuse removal refuse dumps disposal.

## APPENDIX E: WARD REPORTING

Functionality of Ward Committees for 2018/19					
Ward Name (Number)	Name of ward councillor and elected ward committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Number of quarterly public ward meetings held during the year
Ward 1	MV MANGORO	Yes	12	12	04
Ward 2	DG RABOTHATA	Yes	12	12	04
Ward 3	SS MALATJI	Yes	12	12	04
Ward 4	MI MANYAMA	Yes	12	12	04
Ward 5	V NKUNA	Yes	12	12	04
Ward 6	MA LEBEPE	Yes	12	12	04
Ward 7	PJ MOHALE	Yes	12	12	04
Ward 8	MS KGATLA	Yes	12	12	04
Ward 9	ME RALEFATANE	Yes	12	12	04
Ward 10	MV RAMPEDI	Yes	12	12	04
Ward 11	KE RAMAANO	Yes	12	12	04
Ward 12	ME MASEDI	Yes	12	12	04
Ward 13	S SELAMOLELA	Yes	12	12	04
Ward 14	NF LEBEKO	Yes	12	12	04
Ward 15	PW SELEMA	Yes	12	12	04
Ward 16	MP NGOBENI	Yes	12	12	04
Ward 17	MM MANKGERO	Yes	12	12	04
Ward 18	M RAMOBA	Yes	12	12	04
Ward 19	MP MONAIWA	Yes	12	12	04
Ward 20	R RATLHAHA	Yes	12	12	04
Ward 21	KB MONYELA	Yes	12	12	04
Ward 22	MP MAKOMENE	Yes	12	12	04



Ward 23	ME RAMABELA	Yes	12	12	04
Ward 24	N SELOWA	Yes	12	12	04
Ward 25	BE NGOBENI	Yes	12	12	04
Ward 26	Mohale MJ	Yes	12	12	04
Ward 27	NL SESHOKA	Yes	12	12	04
Ward 28	SJ HLUNGWANI	Yes	12	12	04
Ward 29	MP MASELA	Yes	12	12	04
Ward 30	MF HLAPANE	Yes	12	12	04

**APPENDIX F: WARD INFORMATION**

<b>Capital Projects: Seven Largest in 2018/19 (Full List at Appendix N)</b>				
<b>Ward No</b>	<b>Project Name &amp; Detail</b>	<b>Start Date</b>	<b>End Date</b>	<b>Total Value</b>
W 3 & 4	Kgapane stadium	01 July 2018	30 June 2019	R 15 733 621.50
W 27	Mamanyoha sport sports	01 July 2018	30 June 2019	R14 828 444.00
W2	Moshakga street paving	01 July 2018	30 June 2019	R 10 636 517.00
Ward 26	Jokong street paving	1 July 2018	30 June 2019	R 5 706 777.09
W 29	Electrification of Modjadjiskloof (NERSA)	01 July 2018	30 June 2019	R3 000 611.00
W 20 & 21	Ditshoshing street paving	01 July 2018	30 June 2019	R 6 242 605.00
W 3 & 4	Las vegas street paving	01 July 2018	30 June 2019	R 6 897 261.65

## **APPENDIX G– RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (2018/19)**

### **AUDIT AND PERFORMANCE AUDIT COMMITTEE SUMMARY REPORT 2018/19 FINANCIAL YEAR.**

The following paragraph summarizes the Audit Committee report for the year under review (2018/2019).

Greater Letaba Municipality audit committee started the financial year with functional Audit Committee appointed for a period of years from May 2018. The Audit Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA). Section 166 of the MFMA clearly states that each municipality must have an audit committee. The audit committee is an independent advisory body that advises council, political office bearers, accounting officer, and staff of the municipality on the following:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability, and accuracy of financial reporting and information;
- Performance management
- Effective governance;
- Compliance with the MFMA, the annual Division of Revenue Act (DORA) and any other applicable legislation;
- Performance evaluation;
- Any other issues referred to by the municipality;
- Review annual financial statements to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA, etc.
- Respond to Council on any matter raised by the Auditor-General (AGSA);
- Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.
- It is expected on a quarterly basis for the Audit Committee to review and advise municipal council on matters relating to items listed above.
  
- The attendance of meetings by both Audit Committee Members and Management was outstanding. The Audit Committee has noted the following achievements by the municipality:
- Ability of the municipality to produce quarterly financial statements.
- Good progress in implementing the MSCOA programme
- Ability by the municipality to submit credible section 71 report to treasury on a monthly basis
- Good progress addressing IT governance issues

- Good Performance management system in place
- Good MIG, EPWP & free basic services grant spending
- Having Risk Chairperson in 2018/19 financial year

However, the committee noted with great concern on the following areas:

- Low level of commitment in implementing the AG Action Plan
- Poor implementation of supply chain management legislations and guidelines
- AC resolutions not fully implemented
- Delays in filling critical top management position.
- Cases taking too long to finalise
- Non cashed backed capital projects

## APPENDIX H– LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into from 2015/16)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
SEBATA	Financial Services	06/09/2018	06/09/2021	Mrs M.F Mankgabe (CFO)	R 1 917 327.52
KHOSI MUNENE	Security Services	01/06/ 2016	30/05/2019	Dr.M Mokoena	R 21 852 086.30
EduSolution Bookshop CC	Information Communication Technology	01/07/2017	30/06/2019	Ms Smith E	R 33 484.79 Rental per Month

**APPENDIX I: SERVICE PROVIDER'S PERFORMANCE 2018/19 FINANCIAL YEAR**

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
1	GLM033/2 017	Purchasing of Office Furniture	Pharephare Construction	GLM	01/07/2018	30/06/2018	R 1 931 047.00	Project Completed	None	Performance Satisfactory
2	GLM005/2 019	Purchasing and delivery of 55 Laptops	Phetole Technologies	GLM	01/07/2018	30/06/2019	R 1 336 827.00	Project Completed	None	Performance Satisfactory
3	GLM035/2 019	Purchasing and Installation of ICT Call Systems Software	Burika ITC Solution (Pty) Ltd	GLM	01/07/2018	30/06/2019	R 746 992.00	Project Completed	None	Performance Satisfactory
4	GLM	Purchasing and delivery of 3* Bakkies	Thaba Morula Trading	GLM	01/07/2018	30/06/2019	R 900 000.00	Project Completed	None	Performance Satisfactory
5	GLM009/2 019	Erection of Steel Palisade fence (Senwamokgope) Sub-office	Select Jeans (Pty) Ltd	GLM	01/07/2018	30/06/2019	R 195 000.00	Project Completed	None	Performance Satisfactory
6	GLM020/2 016C	Complete Construction of Shotong Library	Faloes Trading Enterprise and Sekwai Construction JV	GLM	01/07/2018	30/06/2019	R 1 118 446.00	Project Completed	None	Performance Satisfactory

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
7	GLM015/2017C	Planning and designs of Ward 5 Community Hall	Lazwi Engineering 16cc1	GLM	01/07/2018	30/06/2019	R 300 000.00	designs approved	None	Performance Satisfactory
8	GLM048/2018	Establishment of Ga-Kgapane new cemetery	Jacques Du Toit and Associates	GLM	01/07/2018	30/06/2019	R 499 710.00	designs approved	None	Performance Satisfactory
9	GLM019/2016C	Construction of Mamanyoha Sports complex	Valcross Trading Enterprise	GLM	01/07/2018	30/06/2019	R 40 890 500.00	Work in progress	None	Performance not Satisfactory
10	GLM020/2016C	Construction of Rotterdam Sports complex	Bagaphala Project Trading	GLM	01/07/2018	30/06/2019	R 32 867 353.00	Work in progress	None	Performance Satisfactory
11	GLM085/2017C	Construction of Sekgopo Moshate street paving	Melrose JV Tshepiso Catering	MIG/GLM	01/07/2018	30/06/2019	R 14 333 147.00	Project completed	None	Performance Satisfactory
12	GLM009/2017C	Construction of Mamphakhathi street paving	Theuwedi Jv Mmanyana Aggy	MIG/GLM	01/07/2018	30/06/2019	R 12 546 027.00	Project completed	None	Average Performance
13	GLM010/2017C	Construction of Las Vegas paving	H & E Civil Engineering Contractors	MIG/GLM	01/07/2018	30/06/2019	R 12 862 267.00	Project completed	None	Performance Satisfactory

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
14	GLM011/2017C	Construction of Ditshoshing street paving	Sello Ramothwala Civils CC/Beten CC	MIG/GLM	01/07/2018	30/06/2019	R 13 964 962.00	Project completed	None	Performance Satisfactory
15	GLM012/2017C	Construction of Ga-Ntata street paving	Sello Ramothwala Civils CC/Beten CC	MIG/GLM	01/07/2018	30/06/2019	R 14 076 560.00	Project completed	None	Performance Satisfactory
16	GLM047/2019	Supply and Installation of Highmast lights/ Erection of & Energise 7 * Highmats lights in Jamela, Jokonmg, Maphalle, Shawela, Ramaroka, Block 18 and Polaseng	Rivisi Electrical Contractors	GLM	01/07/2018	30/06/2019	R 2 001 000.00	Project Completed	None	Performance Satisfactory
17	GLM016/2019	Supply and delivery of 30* Skip Bins	Moon & Earth Trading and Projects	GLM	01/07/2018	30/06/2019	R 1 350 000.00	Project Completed	None	Performance Satisfactory
18	RFQ010/2019	Supply & delivery of 20*Trolley Bins	Mthunzi Cool Air Training and Projects	GLM	01/07/2018	30/06/2019	R 188 990.00	Project Completed	None	Performance Satisfactory



No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
19	GLM042/2019	Supply & delivery of 40*Grass Cutter Machines	Madlabeni	GLM	01/07/2018	30/06/2019	R 350 320.00	Project Completed	None	Performance Satisfactory
20	GLM017/2019	Supply & delivery of Refuse Compactor Truck	Zevoufusion (Pty) Ltd	GLM	01/07/2018	30/06/2019	R 2 479 688.00	Project Completed	None	Performance Satisfactory
21	GLM047/2019	Supply & delivery of Backhore Loader TLB	Matemotsa	GLM	01/07/2018	30/06/2019	R 1 400 000.00	Project Completed	None	Performance Satisfactory
22	GLM006/2016	Construction of Ga-Kgapane Storm Water Channels	Servient 123 JV Mathakgala Trading & Projects	GLM	01/07/2018	30/06/2019	R 2 183 356.00	Project Completed	None	Performance Satisfactory
23	GLM022/82019	Supply & delivery of Sunction Tanker	Todipjane Transport and Trading	GLM	01/07/2018	30/06/2019	R 1 231 486.00	Project Completed	None	Performance Satisfactory
24	GLM024/2019	Supply & delivery 1* Pedestrian Roller	Tshethami Trading and Projects	GLM	01/07/2018	30/06/2019	R 345 000.00	Project Completed	None	Performance Satisfactory

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
25	GLM006/2019	Planning, Design and supervision of Rasewana Lenokwe street paving	Nsuku Consulting Engineers	GLM	01/07/2018	30/06/2019	R 1 283 611.00	Project Completed	None	Performance Satisfactory
26	GLM023/2019	Supply & delivery of 1* Motor Grader Six Wheel Drive	Thaba Morula Trading	GLM	01/07/2018	30/06/2019	R 3 157 625.00	Project Completed	None	Performance Satisfactory
27	GLM005/2016	Planning, Design and supervision of Lemondokop street paving	Shaweni Consulting Engineers	GLM	01/07/2018	30/06/2019	R 400 000.00	designs approved	None	Performance Satisfactory
28	GLM	Construction of Modjadji Ivory Route Street paving	H & E Civil Engineering Contractors	GLM	01/07/2018	30/06/2019	R 9 133 977.00	Project Completed	None	Performance Satisfactory
29	GLM018/2016	Construction of Thakgalane sport complex Ph1	Sello Ramothwala Civils	GLM	01/07/2018	30/06/2019	R 38 308 915.00	Construction in progress	None	Performance Satisfactory
30	GLM020/2016C	Construction of Rotterdam sport complex Ph3	Bagaphala Project Trading	GLM	01/07/2018	30/06/2019	R 32 867 353.00	Construction	None	Average Performance

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
31	GLM019/2016C	Construction of Madumeleng/Shoto ng sport complex Ph1	Maduke Trading and Projects	GLM	01/07/2018	30/06/2019	R 40 890 500.00	Constructio n	None	Performance Satisfactory
32	GLM005/2019	Planning, Design and supervision of Jokong street paving	Kipp Consulting Engineers	MIG	01/07/2018	30/06/2019	R 4 676 355.00	Project commence ment	None	Performance Satisfactory
33	GLM006/2017	planning, Design and Supervision of Mokwasele street paving	Hlayeleni Consulting Engineers	GLM	01/07/2018	30/06/2019	R 342 000.00	designs approved	None	Performance Satisfactory
34	GLM007/2017-PR	Construction of Moshakga street paving	Sheboneth Trading Enterprise	GLM	01/07/2018	30/06/2019	R 13 972 461.00	Project Completion	None	Performance Satisfactory
35	GLM007/2019	Construction of Manning burg street paving	Lokolang Trading Project	GLM	01/07/2018	30/06/2019	R 11 344 294.00	Appointme nt of the Service Provider and Project Commenc ement	None	Performance Satisfactory

No	Tender Number	Project Name	Name of the Service Provider	Source of Funding	Starting date	Completion date	Budget	Progress to date	Challenges and interventions	Assessment of Service Provider  Rating-Poor, Average, Satisfactory & Excellent
36	GLM001/2018	Supply & Installation of Split Metering in Modjadjiskloof	Miluwani Electrical & Housing Wiring CC	GLM	01/07/2018	30/06/2019	R 1 928 000.00	Project Completed	None	Performance Satisfactory
36	GLM001/2018	Supply & Installation of Split Metering in Modjadjiskloof	Miluwani Electrical & Housing Wiring CC	GLM	01/07/2018	30/06/2019	R 1 928 000.00	Project Completed	None	Performance Satisfactory
37	GLM049/2019	Re-routing of Christina Rest HV Line in Modjadjiskloof	Zevoufusion (Pty) Ltd	GLM	01/07/2018	30/06/2019	R 1 400 000.00	Project Commencement	None	Performance Satisfactory
38	GLM010/2018	Electrification of Households in 7 villages	Rivisi Electrical Contractors	GLM	01/07/2018	30/06/2019	R 5 767 797.00	Project practically complete	None	Performance Satisfactory

**APPENDIX J – CAPITAL PROGRAMME BY PROJECT 2018/19**

<b>Capital Projects</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>
Upgrade of Electricity to NER Standards in Modjadiskloof	924 760	2 524 760
Highmast Lighs in various villages (Jamela, Jokong, Maphalle	3 000 000	3 000 000
Highmast lights in 10 villages	0	1 677 256
Prepaid meters in Mokgoba village	500 000	3 000 000
Split metering in Modjadjiskloof & Vending System	1 176 352	3 876 352
Electrification Households connections (INEP)	5 983 000	5 983 000
Purchasing of refuse compactor	1 500 000	2 200 000
Skips Bins (15)	1 440 000	1 440 000
Construction of Kgapane storm water channels	1 900 000	2 700 000
Low level Bridges (10)	3 764 654	3 764 654
Modjadjiskloof Gabions	0	126 262
Kgapane Stadium	11 001 978	11 132 580
Mamanyoha Sports complex	13 050 771	13 050 771
Madumeleng/Shotong Sports Complex (Designs)	5 593 206	2 448 969
Thakgalane Sports Complex (Designs)	5 593 206	8 418 142
Rotterdam Sports Complex	11 884 803	15 350 617
Lebaka Sports complex phase2	0	2 067 270
Laptops (15)	180 000	1 336 827
Desktop PC (20)	200 000	0
ICT Call System Software	250 000	250 000

## APPENDIX K – CAPITAL PROGRAMME BY PROJECT BY WARD 2018/19

CAPITAL PROGRAMME BY PROJECT BY WARD 2018/19		
Capital Project	Ward (s) affected	Works completed (Yes/No)
Upgrade of Electricity to NER Standards in Modjajdiskloof	Ward 29	Yes
Highmast lights in villages	Various villages	Yes
Prepaid meters in Mokgoba village	Ward 29	Yes
Split metering in Modjadjiskloof & Vending System	Ward 29	Yes
Refurbishment of Electricity Network Phase 2	Ward 29	Yes
Purchasing of Council Building metering	Ward 29	Yes
Electrification of Households Connections	Various wards	Yes
Designs for Maphalle Land fill site	Ward 20	Yes
Skip bins (30)	All wards	Yes
Refuse Compactor	All wards	Yes
Construction of Kgapane storm water channels	Ward 4	Yes
Low level Bridges	Various wards	Yes
Shaamiriri Sport Complex	Ward 24	Yes
Rotterdam Sports Complex	Ward 16	Yes
Lebaka Sports Complex	Ward 19	Yes
Mamanyoha Sports Complex	Ward 13	Yes
Thakgalane Sports Complex	Ward 12	Yes
Madumeleng / Shotong Sports Complex	Ward 01/06	Yes

## APPENDIX L: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

SERVICE BACKLOGS: SCHOOLS AND CLINICS					
ESTABLISHMENTS LACKING SERVICES	LOCATION	WATER	SANITATION	ELECTRICITY	SOLID WASTE COLLECTION
Kgapane	Kgapane	YES	YES	YES	YES
Medingen	Medingen	YES	YES	YES	YES
Sekgopo	Sekgopo	YES	YES	YES	YES
Duiwelskloof	Modjadjiskloof	YES	YES	YES	YES
Shotong	Shotong	YES	YES	YES	YES
Modjadji	Sekhwiting	YES	YES	YES	YES
Bolobedu	Bolobedu	YES	YES	YES	YES
Matswi	Matswi	YES	YES	YES	YES
Senopela	Senopela	YES	YES	YES	YES
Seapole	Seapole	YES	YES	YES	YES
Charlie Rhangani	Charlie Rhangani	YES	YES	YES	YES
Mamanyoha	Mamanyoha	YES	YES	YES	YES
Lebaka	Lebaka	YES	YES	YES	YES
Maphalle	Maphalle	YES	YES	YES	YES
Raphahlelo	Raphahlelo	YES	YES	YES	YES
Mamaila	Mamaila	YES	YES	YES	YES
Middlewater	Middlewater	YES	YES	YES	YES
Pheeha	Pheeha	YES	YES	YES	YES
Rotterdam	Rotterdam	YES	YES	YES	YES
Bellevue	Bellevue	YES	YES	YES	YES
Total	20				

## APPENDIX M: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

### Health Facilities Backlog

- Insufficient mobile and visiting points;
- Modjadjiskloof lack of space for the clinic;
- A need for a health centre in Sekgopo, Senwamokgope and Mokwakwaila;
- Acquiring a suitable site for the construction of a more capacitated clinic in Modjadjiskloof;
- A need for EMS at Sekgopo, Sekgosese and Mokwakwaila.

### Education Backlog

The following areas are affected by the Backlog: Mandela Park; Nkwele-motse; Modumane; Hlohlokwe; Makaba; Mothobeki; Modjadjiskloof (Secondary); Mahunsi; Shamfana (High School); Reinstatement of Modjadjji College as a need

### Sports, Arts and Culture Backlog

- *Libraries facilities*

And in terms of libraries, shortage of books makes it difficult for people to develop academically. The Modjadjiskloof Library, Soetfontein Library and Ga-Kgapane Library are the only three libraries that currently operational. The Greater Letaba Municipality have three backlogs of libraries in Mokwakwaila, Sekgopo and Rotterdam.

The state of school libraries leaves much to be desired, there are no libraries in most of the schools and they have converted classrooms to be utilized as libraries and they are under resourced with books and personnel.

- *Stadiums and gravel playgrounds facilities*

In terms of stadia there's only a backlog of two stadias at Rotterdam and Goudplaas. There are also backlogs in relation to playgrounds in areas where there are no stadiums and there's a need for the municipality to embark on the programme of developing playgrounds in rural areas or to upgrade the existing ones to the acceptable standards.

### Water and sanitation backlog

Services	Total households	Level of Services	Coverage	Backlog	% Backlog
Water					
	58 262	Inside dwelling	5948	9328	16 %
		Inside yard	20320		
		Communal stand pipe >200m	17276		



		Communal stand pipe <200m	5390		
Sanitation					
	58 262	Flush toilet	5949	7867	13.5%
		Pit latrine (Ventilation)	11390		
		Pit latrine (without ventilation)	33056		

### Electricity Backlog

Energy distribution has important economic development implications with a potential to make considerable impact. This impact relates to improved living conditions, increased productivity and greater sustainability of environment. The provision of electricity to households has been achieved to the larger extent. About 56905 households have access to electricity which amount to 98% of the population. Greater Letaba Municipality given its capacity of the figure above and the MTEF allocation depicts that all households, would have being provided for access to electricity by 2016 except new households' extensions.

### Storm water, Drainage and Backlog

The municipality has a backlog of storm water drainage in all gravel streets and roads and the upgrading of some internal streets from gravel to concrete paving blocks in various villages and township is continuous

### Housing Backlog

The Department of Cooperative Governance Human Settlement and Traditional Affairs indicates a backlog of 4696 on the beneficiary list. This is based on the applications submitted by the municipality to Department. As such the indicated backlog is extremely lower than the actual backlog. Of this backlog, CoGHSTA could only address 4.2% (i.e. an allocation of 200 houses). With this progress, the municipality will not be able to ensure that all beneficiaries are allocated houses by 2014. 5442 RDP houses have been built since 2001. In 2011, DLGH has allocated 890 RDP units to six wards in the municipality. This goes a long way in redressing most of the low-cost housing in the municipal area.

#### **APPENDIX N: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

- NO LOANS AND GRANTS WERE APPLIED FOR BY THE MUNICIPALITY

#### **APPENDIX O: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71**

- All section 71 reports for 2018/19 financial year were compiled and submitted within 10 working days of each month.
- All compliance performance reports were compiled and submitted to Provincial and national treasury.

## APPENDIX P: DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019		
Position	Name	Description of financial interest* (Nil/or details)
Mayor	Cllr M.P Matlou	Houseno.330 in Mohlabaaneg, worth R 700 000.00, Contents value R 120 000.00 Land (4 Hectors) acquired from Traditional Authority in Mohlabaaneg worth R 100 000.00. Totyota Hilus 2.8 DIC Reg no. DPG 208L worth R750 000.00 and Toyota Hilux Single Cab Reg no.DXD 409L worth R273 100.00
Speaker	Cllr Makhananisa D	Nil
Chief W	Cllr Mampeule P.J	Lexico Trading Modjadji Entertainment World Mazapane Trading & Printing solutions
Member of EXCO	Cllr Nkoana M.M	Boikgafo Quick Cash
	Cllr Mosila RP	Nil
	Cllr Rababalela T.J	House no.600, Mokwasele village worth R500 00.00
	Cllr Rasetsoke S	Nil
	Cllr ND Modiba	House no.700 in Senwamokgope worth R2 000 000.00, Hilus raider worth R 450 000.00 and Grand Cherokee worth R 1 300 000.00
	Cllr Masela MP	Nil
	Cllr Raphokwane D	Nil
	Cllr Mabeba M.M	Nil
	Cllr Selowa M.G	Nil
Councillors		
	Cllr Malatji S.S	3 Bedroom House no1322 worth R 780 000.00 Rental rooms worth R 160 000.00
	Cllr Manyama M.I	4 Bedroomed house worth R760 000 Tips Construction Laka Kgomo Molailai Day Care Centre (Not remunerated)
	Cllr MV Mangoro	Nil
	Cllr DG Rabothata	Nil
	Cllr V Nkuna	Nil
	Cllr MA Lebepe	Nil
	Cllr PJ Mohale	Employee of Avon-Sales Leader, Wage/salary R8000.00
	Cllr MS Kgatla	Mokwazi Pty Ltd, Movable Car-Mandelapark Worth R 382 000.00, House in Mandelapark R750 000.00
	Cllr ME Ralefatane	Nil
	Cllr MV Rampedi	
	Cllr KE Ramaano	N.R Mthombeni Trading CC-Wage/Salary R5 000.00
	Cllr ME Masedi	Nil
	Cllr S Selamolela	Nil

	Cllr NF Lebeko	Mobile freezer, Self-employment, wage/salary R 2500.00,7 Bedroom house in Lemondokop Worth R 500 000.00,5 Bedroom House in Lemondokop worth R350 000.00
	Cllr PW Selema	SRDA-NPO
	Cllr MP Ngobeni	Glenfidich Whisky-700-Dimenges Construction Company
	Cllr MM Mankgero	Nil
	Cllr M Ramoba	Seshoka Events Management
	Cllr MP Monaiwa	7 Bedroom House 45m2 worth R 400 000.00
	Cllr R Ratlhaha	Nil
	Cllr KB Monyela	Nil
	Cllr MP Makomene	Nil
	Cllr ME Ramabela	Cosmetic Shop at Bellevue worth R 30 000.00
	Cllr NS Selowa	Nil
	Cllr BE Ngobeni	Nil
	Cllr MJ Mohale	Nil
	Cllr NL Seshoka	Nil
	Cllr SJ Hlungwani	Self-employment Wage/salary R30 000.00
	Cllr MP Masela	Nil
	Cllr MF Hlapane	Nil
	Cllr TJ Kgapane	Nil
	Cllr RG Baloyi	Nil
	Cllr PP Ralepatana	House Property No.202 at Ga-Sekgopo worth R870 000.00
	Cllr MR Maake	Nil
	Cllr F Manyama	Nil
	Cllr GH Modjadji	MTN shares Mamokobe Lodge 4 Bedroom House (Ga-Kgapane Plot 1.3 Ha (Modjadjiskloof) Vexlotrix (pty) Ltd
	Cllr ND Modiba	Nil
	Cllr SM Rasetsoke	Nil
	Cllr M Mathedimosa	Nil
	Cllr MEC Ndobela	Nil
	Cllr MR Mosila	Nil
	Cllr MG Selowa	Nil
	Cllr MD Makhananisa	Nil
	Cllr ZT Maluleke	House 50x4m Ga-Sekgopo worth R 370 000.00
	Cllr MR Motsinone	7 Bedroom House in Melodene worth R850 000.00, Car-R 287 000.00

	Cllr FC Pohl	Enviro Assess
Municipal Manager	Dr K.I Sirovha	Directorships: Magalies Manor Hotel & Lodge- R 5 000.00 Forging Ahead Publications-R 5 000.00 Houses: 450m2 Canan village, Brits-R 650 000.00 550m2 Nkwe Estate Rosslyn, Pretoria-R 500 000.00 400m2 Brits Show Ground R 500 000.00 1080m2 1116/8 Birdwood Estate, Hartlessport, Brits-R 2 600 000.00
Chief Financial Officer	Mrs. Mankgaba M.F	Modjadiskloof House (R850 000.00)
Director : Community Services	Dr M.D Mokoena	Shares: Croco Projects & Consulting-R 1 800 000.00
Director Corporate	Dr Letsoalo M.B	Competitive Advantage Business Solution (Retail) R 7000 per month/average) 429m2 House Tzaneen (R500 000.00) 929m2 Site Tzaneen (R 450 000.00)
Director Technical Services	Mr M.E Malungana	MEM Projects (Pty) Ltd Section no.36, Doorlle ERF 2191Phalaborwa 106m2-R 360 000.00 Stand no.07, impala Flats, ERF 1812 Phalaborwa-116m2-R 275 000.00 Section no.22; SS 54/1987, ERF 134 Lydenburg 109m2-R 470 000.00 Section no.49, Town House, ERF 3363 Nelspruit 475m2-R 780 000.00
Director Planning & Development	Mr M.O Sewape	Stand 459 Tshabelamatswale,1000m2 Ga-Kgapane-R 500 000.00
Other Officials	Mr Thoka BJ	Safularayo Burial Services
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A TJ		

## APPENDIX O: COUNCILLORS' POSTER



Cllr Baloyi R.G



Cllr Kgatla M.S



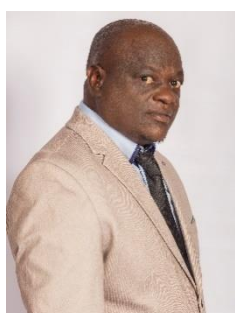
Cllr Hlapane M.F



Cllr Hlungwani S.J



Cllr Kgapane T.J



Cllr Lebeko N.F



Cllr Lebepe M.A



Cllr Maake M.R



Cllr Ndobela M.E.C



Cllr Ngobeni B.E



Cllr Mangoro M.V



Cllr Makomene M.P



Cllr Malatji S.S



Cllr Mankgero M.M



Cllr Manyama M.I



Cllr Masedi M.E



Cllr Mathedimosa M



Cllr Mohale P.Y



Cllr Monaiwa M.P



Cllr Monyela K.B





Cllr Ngobeni M.P



Cllr Nkuna V



Cllr Rabothata D.G



Cllr Ralefatane M.E



Cllr Ramaano K.E



Cllr Ramabela M.E



Cllr Ramoba M



Cllr Rampedi M.V



Cllr Ratlhaha R



Cllr Selamolela S



Cllr Selema P.W



Cllr Selowa N



Cllr Seshoka N.L



Cllr Mohale S.L



Cllr Ralepatana P.P



Cllr Mabeba M.M



Cllr Motsinone R



Cllr Raphokwana D



Cllr Selomo M.M



Cllr Maluleke Z.T



Cllr Rampyapedi S.B



Cllr Senyolo J



Cllr Rasetsoke M.C



**\*END OF REPORT\***





## GREATER LETABA LOCAL MUNICIPALITY

### Annual Report 2018-19



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